
Department of the Treasury



Fiscal Service, Bureau of the Public Debt

31 CFR Part 363
Regulations Governing Securities Held in TreasuryDirect®

As of July 2005
Amendment 1 dated September 30, 2005
Amendment 2 dated September 30, 2005

Department of the Treasury



Fiscal Service, Bureau of the Public Debt

Amendments to:

**31 CFR Part 356 - Sale and Issue of
Marketable Book-Entry Treasury Bills,
Notes, and Bonds**

**Department of the Treasury Circular,
Public Debt Series No. 1-93**

**31 CFR Part 357 - Regulations Governing
Book-Entry Treasury Bonds, Notes and Bills
Held in Legacy Treasury Direct®**

**Department of the Treasury Circular,
Public Debt Series No. 2-86**

**31 CFR Part 363
Regulations Governing Securities Held in
TreasuryDirect®**

Amended September 30, 2005

DEPARTMENT OF THE TREASURY**Fiscal Service****31 CFR Parts 356, 357, and 363**

[Docket No. BPD–CC–05–2]

Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (Department of the Treasury Circular, Public Debt Series No. 1–93); Regulations Governing Book-Entry Treasury Bonds, Notes and Bills Held in Legacy Treasury Direct®; Regulations Governing Securities Held in TreasuryDirect®

AGENCY: Bureau of the Public Debt, Fiscal Service, Treasury.

ACTION: Final rule.

SUMMARY: TreasuryDirect is an account-based, book-entry, online system for purchasing, holding, and conducting transactions in Treasury securities. To date, the system has only been available for the purchase and holding of savings bonds and certificates of indebtedness. The Department of the Treasury (hereinafter referred to as “Treasury” or “We”) is amending Regulations Governing Securities Held in TreasuryDirect to add marketable Treasury securities to the securities that may be purchased and held in TreasuryDirect and to provide the terms and conditions for marketable Treasury securities held in the system. We are amending Regulations Governing Book-Entry Treasury Bonds, Notes and Bills Held in Legacy Treasury Direct to provide for the transfer of securities between Legacy Treasury Direct and TreasuryDirect. We are also amending the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds to make the changes necessary to

accommodate participation in Treasury marketable securities auctions for securities to be held in either the TreasuryDirect or the Legacy Treasury Direct® system. We are also eliminating the ability to bid competitively through Legacy Treasury Direct. These final amendments benefit individual investors by allowing them to purchase, hold and conduct transactions in marketable Treasury securities through the TreasuryDirect system.

DATES: Effective Date: September 30, 2005.

ADDRESSES: You can download this final rule at the following Internet addresses: <http://www.publicdebt.treas.gov> or <http://www.gpoaccess.gov/ecfr>.

FOR FURTHER INFORMATION CONTACT:

Elisha Whipkey, Director, Division of Program Administration, Office of Securities Operations, Bureau of the Public Debt, at (304) 480-6319 or elisha.whipkey@bpd.treas.gov for information on the TreasuryDirect and Legacy Treasury Direct systems.

Chuck Andreatta, Associate Director, Government Securities Regulations Staff, Bureau of the Public Debt, at (202) 504-3632 or govsecreg@bpd.treas.gov for information on Treasury marketable securities auction rules (31 CFR part 356).

Susan Klimas, Attorney-Adviser, Dean Adams, Assistant Chief Counsel, Edward Gronseth, Deputy Chief Counsel, Office of the Chief Counsel, Bureau of the Public Debt, at (304) 480-8692 or susan.klimas@bpd.treas.gov for information on regulations governing TreasuryDirect and Legacy Treasury Direct (31 CFR parts 357 and 363).

SUPPLEMENTARY INFORMATION:

TreasuryDirect® is an account-based, online, book-entry system for purchasing, holding, and conducting transactions in Treasury securities. Currently, book-entry Series EE and Series I savings bonds and certificates of indebtedness are offered for purchase. In addition, definitive savings bonds may be converted to book-entry savings bonds through TreasuryDirect and held in the system. We are issuing this amendment to 31 CFR parts 363, 357, and 356 to provide for the purchase and holding of marketable Treasury securities in TreasuryDirect.

31 CFR Part 363. We are amending 31 CFR part 363, Regulations Governing Securities Held in TreasuryDirect, to add marketable Treasury securities to the securities that may be held in the

TreasuryDirect system.¹ The previous subpart F is redesignated as subpart H, and a new subpart F has been added to address the unique terms and conditions for holding marketable Treasury securities in TreasuryDirect. The provisions in subpart B, which apply to all securities held in TreasuryDirect, will apply to marketable Treasury securities as well. Therefore, the current provisions in subpart B relating to rules of the system, registrations, administrative and judicial proceedings, and decedents' estates, that are applicable to all securities in TreasuryDirect, will apply to marketable Treasury securities.

A TreasuryDirect account owner can submit a noncompetitive bid for eligible marketable Treasury securities online through his or her account. Marketable Treasury securities that are eligible for purchase through a TreasuryDirect account are those that are available for purchase through the TreasuryDirect Web site. Any registration provided in subpart B for securities held in TreasuryDirect is available for marketable Treasury securities.

Upon the purchase of a marketable Treasury security, there will be a period of 45 calendar days after the issue date of the security, or the term of the security, whichever is less, during which the security may not be transferred. This holding period is to prevent a loss to Treasury in the event of a returned or unauthorized debit. In addition, and for a similar reason, we are amending subpart D, relating to certificates of indebtedness, to provide for a holding period of 5 business days after a debit entry for the purchase of a certificate of indebtedness. During this holding period the certificate of indebtedness may only be redeemed to purchase a new security and may not be redeemed for cash.

This final rule provides for the transfer of marketable Treasury securities among the commercial book-entry system, the Legacy Treasury Direct system, and the TreasuryDirect system. Online transfers available for marketable

Treasury securities are transfers between TreasuryDirect accounts, transfers to other book-entry systems, and transfers to our agent for sale on the open market (Sell Direct), in increments of \$1000. Any eligible marketable book-entry Treasury bill, note, or bond may be transferred into and held in a TreasuryDirect account.

Under the provisions of this amendment, an account owner may reinvest a matured security held in TreasuryDirect by directing that the redemption proceeds of the security be used to purchase a certificate of indebtedness, and then using the redemption proceeds of the certificate of indebtedness to purchase a new marketable Treasury security.

The process in TreasuryDirect for handling undeliverable payments of either principal or interest will benefit both investors and Treasury. Undeliverable proceeds will be used to purchase a certificate of indebtedness in the name of the account owner. The account owner can then directly access the certificate of indebtedness online through the account, rather than having to contact Treasury to make arrangements for delivery of the payment.

A four-business day closed book period will be in effect prior to the date a marketable security payment is made. This means that certain transactions made during the closed book period will be delayed until after the closed book period is completed and the payment is made.

31 CFR Part 357. We are amending 31 CFR part 357, Regulations Governing Book-Entry Treasury Bonds, Notes and Bills Held in Legacy Treasury Direct, to provide that marketable Treasury securities may be transferred between Legacy Treasury Direct and TreasuryDirect.

31 CFR Part 356. 31 CFR part 356, also referred to as the Uniform Offering Circular (UOC), sets out the terms and conditions for the sale and issuance to the public of marketable Treasury bills, notes, and bonds. The UOC, in conjunction with offering announcements, represents a comprehensive statement of those terms and conditions.²

This amendment makes changes to the UOC to allow bidders to bid for marketable Treasury securities to be issued in either the TreasuryDirect or

¹ The governing regulations for the TreasuryDirect system, 31 CFR part 363, were originally published as a final rule October 17, 2002 (67 FR 64275). The regulations were subsequently amended May 8, 2003 (68 FR 24793); January 16, 2004 (69 FR 2506); August 16, 2004 (69 FR 50307); March 23, 2005 (70 FR 14940); and September 30, 2005. The TreasuryDirect system was first referred to as New Treasury Direct to distinguish it from an older system for holding book-entry Treasury bills, notes and bonds directly with Treasury, also known as TreasuryDirect. The regulations for the older system are found at 31 CFR part 357. The name of the newer system was changed in the most recent amendment to the TreasuryDirect regulations, and at the same time the name of the older system was changed to Legacy Treasury Direct.

² The Uniform Offering Circular was published as a final rule on January 5, 1993 (58 FR 411). The circular, as amended, is codified at 31 CFR part 356. A final rule converting the UOC to plain language and making certain other minor changes was published in the **Federal Register** on July 28, 2004 (69 FR 45202).

Legacy Treasury Direct direct-holding systems. The amendment accommodates the differences between the systems, such as the methods of payment. The amendment makes one substantive change, described below, which is that competitive bidding will no longer be allowed for securities to be held in Legacy Treasury Direct.

Competitive bidding will not be allowed for securities to be held in either the new TreasuryDirect system or in Legacy Treasury Direct. Although competitive bidding has been allowed since Legacy Treasury Direct was first implemented in 1986, our experience has been that the volume of such bids has been so low that it does not justify continuing to provide the service. Accordingly, § 356.12 has been amended to stipulate that it will not be a feature of either system going forward.

Procedural Requirements

This final rule does not meet the criteria for a "significant regulatory action" as defined in Executive Order 12866. Therefore, a regulatory assessment is not required.

Because this final rule relates to matters of public contract and procedures for United States securities, notice and public procedure and delayed effective date requirements are inapplicable, pursuant to 5 U.S.C. 553(a)(2).

As no notice of proposed rulemaking is required, the Regulatory Flexibility Act (5 U.S.C. 601 et seq.) does not apply.

We ask for no new collections of information in this final rule. Therefore, the Paperwork Reduction Act (44 U.S.C. 3507) does not apply.

List of Subjects

31 CFR Part 356

Bonds, Federal Reserve System, Government securities, Securities.

31 CFR Part 357

Banks, Banking, Bonds, Electronic funds transfers, Government securities, Reporting and recordkeeping requirements.

31 CFR Part 363

Bonds, Electronic funds transfer, Federal Reserve system, Government securities, Securities.

■ Accordingly, for the reasons set out in the preamble, 31 CFR chapter II, subchapter B, is amended as follows:

PART 356—SALE AND ISSUE OF MARKETABLE BOOK-ENTRY TREASURY BILLS, NOTES AND BONDS (DEPARTMENT OF THE TREASURY CIRCULAR, PUBLIC DEBT SERIES NO. 1–93)

■ 1. The authority citation for part 356 continues to read as follows:

Authority: 5 U.S.C. 301; 31 U.S.C. 3102 et seq.; 12 U.S.C. 391.

■ 2. Amend part 356 by revising "TreasuryDirect" or "Legacy Treasury Direct" to read "TreasuryDirect®" or "Legacy Treasury Direct®" the first time they appear in each section or section heading in the part.

■ 3. Section 356.2 is amended by revising the definitions of "Autocharge agreement," "Book-entry security," Security and "TreasuryDirect," and by adding in alphabetical order the definitions of "Certificate of indebtedness" and "Legacy Treasury Direct" to read as follows:

§ 356.2 What definitions do I need to know to understand this part?

* * * * *

Autocharge agreement means an agreement in a format acceptable to Treasury between a submitter or clearing corporation and a depository institution that authorizes us to:

- (1) Deliver awarded securities to:
 - (i) The book-entry securities account of a designated depository institution in the commercial book-entry system, or
 - (ii) An account in Legacy Treasury Direct, and
- (2) Charge a funds account of a designated depository institution for the settlement amount of the securities.

* * * * *

Book-entry security means a security that is issued and maintained as an accounting entry or electronic record in either the commercial book-entry system or in one of Treasury's two direct-hold systems—TreasuryDirect or Legacy Treasury Direct. (See § 356.4.)

* * * * *

Certificate of indebtedness means a one-day non-interest-bearing security that may be held in TreasuryDirect and that automatically matures and is rolled over each day until its owner requests that it be redeemed.

* * * * *

Legacy Treasury Direct means a non-Internet-based book-entry system maintained by Treasury for purchasing and holding marketable Treasury securities directly with Treasury. (See 31 CFR part 357.)

* * * * *

Security means a Treasury bill, note, or bond, each as described in this part.

Security also means any other obligation we issue that is subject to this part according to its auction announcement. Security includes an interest or principal component under the STRIPS program, as well as a certificate of indebtedness in an investor's TreasuryDirect account.

* * * * *

TreasuryDirect means the book-entry, online system maintained by Treasury for purchasing and holding marketable Treasury securities, nonmarketable savings bonds, and certificates of indebtedness directly with Treasury. (See 31 CFR part 363.)

* * * * *

■ 4. Section 356.4 is amended by revising the introductory text and paragraph (b), and by adding a new paragraph (c) to read as follows:

§ 356.4 What are the book-entry systems in which auctioned Treasury securities may be issued?

There are three book-entry securities systems—the commercial book-entry system, TreasuryDirect, and Legacy Treasury Direct—into which we issue marketable Treasury securities. We maintain and transfer securities in these three book-entry systems at their par amount. Par amounts of Treasury inflation-protected securities do not include adjustments for inflation. Securities may be transferred from one system to the other. See Department of the Treasury Circular, Public Debt Series No. 2–86, as amended (31 CFR part 357) and 31 CFR part 363.

* * * * *

(b) *TreasuryDirect*. In this system, account holders maintain accounts in a book-entry, online system directly on the records of the Bureau of the Public Debt, Department of the Treasury. Bids for securities to be held in TreasuryDirect are submitted through the Internet.

(c) *Legacy Treasury Direct*. In this system, we maintain the book-entry securities of account holders directly on the records of the Bureau of the Public Debt, Department of the Treasury. Bids for securities to be held in Legacy Treasury Direct are generally submitted directly to us, although such bids may also be forwarded to us by a depository institution or dealer.

■ 5. Section 356.5 is amended by revising the introductory text to read as follows:

§ 356.5 What types of securities does the Treasury auction?

We offer securities under this part exclusively in book-entry form and as direct obligations of the United States

issued under Chapter 31 of Title 31 of the United States Code. The securities are subject to the terms and conditions in this part, the regulations in 31 CFR part 363 (for securities held in TreasuryDirect), the regulations in 31 CFR part 357 (for securities held in the commercial book-entry system and Legacy Treasury Direct), and the auction announcements. When we issue additional securities with the same CUSIP number as outstanding securities, we consider them to be the same securities as the outstanding securities.

* * * * *

■ 6. Section 356.11 is amended by revising the first sentence of paragraph (a)(1), by revising paragraph (c), and by adding a new paragraph (d) to read as follows:

§ 356.11 How are bids submitted in an auction?

(a) *General.* (1) All bids must be submitted using an approved method, which depends on whether you are requesting us to issue the awarded securities in the commercial book-entry system, in TreasuryDirect, or in Legacy Treasury Direct (See § 356.4). * * *

* * * * *

(c) *TreasuryDirect.* You must submit your bids through your established book-entry, online TreasuryDirect account. You may reinvest the proceeds of maturing securities held in TreasuryDirect by directing that the proceeds be used to purchase a certificate of indebtedness in your TreasuryDirect account and by using the proceeds of your certificate of indebtedness to pay for the securities.

(d) *Legacy Treasury Direct.* (1) If you are a submitter and the awarded securities are to be issued in Legacy Treasury Direct, you may submit bids by using one of our approved methods, *e.g.*, computer, automated telephone service, or paper forms. You may also reinvest the proceeds of maturing securities into new securities through the same methods.

(2) If you are submitting bids by paper form, you must use forms authorized by the Bureau of the Public Debt and provide the requested information. We have the option of accepting or rejecting bids on any other form. You are responsible for ensuring that we receive bids in paper form on time. A noncompetitive bid is on time if:

(i) We receive it on or before the issue date, and

(ii) The envelope it arrived in bears evidence, such as a U.S. Postal Service cancellation, that it was mailed prior to the auction date.

(3) If you are submitting a bid by computer or automated telephone service you must be an established Legacy Treasury Direct account holder with a Taxpayer Identification Number.

(4) In contingency situations, such as a power outage, we may accept bids by other means, provided, that in all cases the bids are submitted prior to the relevant bidding deadline by an established Legacy Treasury Direct account holder.

■ 7. Section 356.12 is amended by revising paragraphs (b)(1) and (c)(3) to read as follows:

§ 356.12 What are the different types of bids and do they have specific requirements or restrictions?

* * * * *

(b) *Noncompetitive bids.* (1) *Maximum bid.* You may not bid noncompetitively for more than \$5 million. The maximum bid limitation does not apply if you are bidding solely through either a TreasuryDirect or a Legacy Treasury Direct reinvestment request. A request for reinvestment of securities maturing in either TreasuryDirect or Legacy Treasury Direct is a noncompetitive bid.

* * * * *

(c) * * *

(3) *Additional restrictions.* You may not bid competitively in an auction in which you are bidding noncompetitively. You may not bid competitively for securities to be bought through either TreasuryDirect or Legacy Treasury Direct.

■ 8. Section 356.17 is amended by redesignating paragraphs (b) and (c) as paragraphs (c) and (d), respectively, adding new paragraph (b) and revising newly redesignated paragraphs (c) and (d) to read as follows:

§ 356.17 How and when do I pay for securities awarded in an auction?

* * * * *

(b) *TreasuryDirect.* You must pay for your awarded securities by a debit entry to a deposit account that you are authorized to debit or by using the redemption proceeds of your certificate of indebtedness held in your TreasuryDirect account. Payment by debit entry occurs on the settlement date for the actual settlement amount due. (See § 356.25.)

(c) *Legacy Treasury Direct.* Unless you make other provisions, you must pay by debit entry to a deposit account that you are authorized to debit or submit payment with your bids. Payment by debit entry occurs on the settlement date for the actual settlement amount due. (See § 356.25.) If you are paying with a check or with maturing

securities, you must pay separately for any premium, accrued interest, or inflation adjustment as soon as you receive your Payment Due Notice.

(1) *Bidding and payment by computer or by telephone.* If you are bidding by computer or by telephone, you must pay for any securities awarded to you by debit entry to a deposit account. If a depository institution or dealer is submitting your bids for securities to be held in Legacy Treasury Direct, payment may be either by debit entry to a deposit account or by allowing us to charge the Federal Reserve Bank funds account of a depository institution.

(2) *Bidding and payment by paper form.* If you are mailing bids to us on a paper form, you may either enclose your payment with the form or pay for any securities awarded to you by debit entry to a deposit account. For bills, you may pay by depository institution (cashier's or teller's) check, certified check, or currently dated Treasury or fiscal agency check made payable to you. For notes or bonds, in addition to the payment options for bills, you may also pay by personal check. If you submit a personal check, make it payable to Legacy Treasury Direct and mail it with the bid to the Federal Reserve Bank handling your account. In your payment amount you must include the par amount and any announced accrued interest and/or inflation adjustment.

(3) *Payment by maturing securities.* You may use maturing securities held in Legacy Treasury Direct as payment for reinvestments into new securities that we are offering, as long as we receive the appropriate transaction request on time.

(d) *Commercial book-entry system.* Unless you make other provisions, payment of the settlement amount must be by charge to the funds account of a depository institution at a Federal Reserve Bank.

■ 9. Section 356.22 is amended by revising paragraph (a) to read as follows:

§ 356.22 Does the Treasury have any limitations on auction awards?

(a) *Awards to noncompetitive bidders.* The maximum award to any noncompetitive bidder is \$5 million. This limit does not apply to bidders bidding solely through TreasuryDirect or Legacy Treasury Direct reinvestment requests.

* * * * *

■ 10. Section 356.25 is amended by revising paragraphs (a) and (b), redesignating paragraph (c) as paragraph (d), adding a new paragraph (c), and revising newly redesignated paragraph (d) to read as follows:

§ 356.25 How does the settlement process work?

* * * * *

(a) *Payment by debit entry to a deposit account.* If you are paying by debit entry to a deposit account as provided for in § 356.17 (b) and (c), we will charge the settlement amount to the specified account on the issue date.

(b) *Payment by authorized charge to a funds account.* Where the submitter's method of payment is an authorized charge to the funds account of a depository institution as provided for in § 356.17 (c)(1) and (d), we will charge the settlement amount to the specified funds account on the issue date.

(c) *Payment through a certificate of indebtedness.* If you are paying with the redemption proceeds of your certificate of indebtedness as provided for in § 356.17(b), we will redeem the certificate of indebtedness for the settlement amount of the security and apply the proceeds on the issue date.

(d) *Payment with bids.* If you paid the par amount with your bids as provided for in § 356.17 (c)(2), you may have to pay an additional amount, or we may have to pay an amount to you, as follows:

(1) *When we owe an amount to you.* If the amount you paid is more than the settlement amount, we will refund the balance to you after the auction. This will generally occur if you submit payment with your bids. A typical example would be an auction where the price is a discount from par and there is no accrued interest.

(2) *When you must remit an additional amount.* If the settlement amount is more than the amount you paid, we will notify you of the additional amount due. You may owe us such an additional amount if the auction calculations result in a premium or if accrued interest or an inflation adjustment is due. If your securities are to be held in TreasuryDirect, we will collect this amount through the same payment method that you previously authorized for the transaction. If your securities are to be held in Legacy Treasury Direct, you will be responsible for remitting this additional amount immediately.

■ 11. Section 356.30 is amended by redesignating current paragraph (c)(2) as paragraph (c)(3) and by adding a new paragraph (c)(2) and revising newly redesignated paragraph (c)(3) to read as follows:

§ 356.30 When does the Treasury pay principal and interest on securities?

* * * * *

(c) * * *

(2) *TreasuryDirect.* We discharge our payment obligations when we make payment to a depository institution for credit to the account specified by the owner of the security, when we make payment for a certificate of indebtedness to be issued and held in the owner's account, or when we make payment according to the instructions of the security's owner or the owner's legal representative.

(3) *Legacy Treasury Direct.* We discharge our payment obligations when we make payment to a depository institution for credit to the account specified by the owner of the security, or when we make payment according to the instructions of the security's owner or the owner's legal representative.

PART 357—REGULATIONS GOVERNING BOOK-ENTRY TREASURY BONDS, NOTES AND BILLS HELD IN LEGACY TREASURY DIRECT®

■ 12. The authority citation for part 357 continues to read as follows:

Authority: 31 U.S.C. chapter 31; 12 U.S.C. 391; 5 U.S.C. 301.

■ 13. Amend part 357 by revising "TreasuryDirect" or "Legacy Treasury Direct" to read "TreasuryDirect®" or "Legacy Treasury Direct®" the first time they appear in each section or section heading in the part.

■ 14. Amend 357.0 by revising paragraph (a) to read as follows:

§ 357.0 Book-entry systems.

(a) *Treasury securities.* Treasury securities are maintained in one of the following book-entry systems:

(1) *Commercial book-entry system.* The commercial book-entry system is the book-entry system in which Treasury securities are held in a tiered system through securities intermediaries such as financial institutions or brokerage firms. A Treasury security is maintained in the commercial book-entry system if it is credited by a Federal Reserve Bank to a Participant's Securities Account. The regulations governing the commercial book-entry system are found at subpart B of this part, and are referred to as Treasury/ Reserve Automated Debt Entry System (TRADES).

(2) *Legacy Treasury Direct.* The Legacy Treasury Direct system is a non-Internet-based book-entry system maintained by Treasury for purchasing and holding marketable Treasury securities as book-entry products. A Treasury security is maintained in Legacy Treasury Direct if it is credited to a Legacy Treasury Direct account as

described in § 357.20 of this part. Treasury securities are held directly by the Department of the Treasury in accounts maintained in the investor's name. A Legacy Treasury Direct account may be accessed through a designated Federal Reserve Bank or the Bureau of the Public Debt. See subpart C of this part for rules pertaining to Legacy Treasury Direct.

(3) *TreasuryDirect.* TreasuryDirect is a book-entry, online system maintained by the Department of the Treasury for purchasing and holding eligible marketable Treasury securities, United States Savings Bonds, and certificates of indebtedness in electronic form as a computer record on the books of Treasury. The regulations governing TreasuryDirect are found at 31 CFR part 363.

* * * * *

■ 15. Amend § 357.2 by revising the definitions of "Book-entry security" and "Original issue," in alphabetical order, to read as follows:

§ 357.2 Definitions.

* * * * *

Book-entry security means a Treasury security maintained as a computer record in the commercial book-entry system, Legacy Treasury Direct, or TreasuryDirect.

* * * * *

Original issue means Treasury's offering of a marketable Treasury security to the public and its issuance in book-entry form to be maintained in the commercial book-entry system, Legacy Treasury Direct, or TreasuryDirect.

* * * * *

■ 16. Amend § 357.22 by revising the second sentence in paragraph (a), the fourth sentence in paragraph (a), the first sentence of paragraph (a)(1), and paragraph (a)(3) to read as follows:

§ 357.22 Transfers.

(a) *General.* * * * A security may be transferred among accounts in Legacy Treasury Direct, the commercial book-entry system, and TreasuryDirect. * * * The Department may delay transfer of a newly purchased security from a Legacy Treasury Direct account to an account in commercial book entry or TreasuryDirect for a period not to exceed (30) calendar days from the date of issue.

(1) *Identification of securities to be transferred.* The owner must identify the securities to be transferred, in the manner required by the transaction request. * * *

* * * * *

(3) *When transfer effective.*

(i) *Transfer within Legacy Treasury Direct or to Legacy Treasury Direct from the commercial book-entry system or TreasuryDirect.* A transfer of a security within Legacy Treasury Direct, or to Legacy Treasury Direct from another book-entry system, is effective when an appropriate entry is made in the name of the transferee on the Legacy Treasury Direct records.

(ii) *Transfer from Legacy Treasury Direct to the commercial book-entry system.* A transfer of a security from Legacy Treasury Direct to the commercial book-entry system is effective as provided in Subpart B. If a transfer cannot be completed, and the security is sent back to Legacy Treasury Direct, the Department will redeposit the security in the original account.

(iii) *Transfer from Legacy Treasury Direct to TreasuryDirect.* A transfer of a security from Legacy Treasury Direct to TreasuryDirect is effective as provided in 31 CFR part 363. If the transfer cannot be completed, the Department will redeposit the security in the original account.

* * * * *

PART 363—REGULATIONS GOVERNING SECURITIES HELD IN TREASURYDIRECT

■ 17. The authority citation for part 363 continues to read as follows:

Authority: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3102, *et seq.*; 31 U.S.C. 3121, *et seq.*

■ 18. Amend part 363 by revising “TreasuryDirect” or “Legacy Treasury Direct” to read “TreasuryDirect®” or “Legacy Treasury Direct®” the first time they appear in each section or section heading in the part.

§ 363.3 [Removed and reserved]

■ 19. Remove and reserve § 363.3.

■ 20. Revise § 363.4 to read as follows:

§ 363.4 How is TreasuryDirect different from the Legacy Treasury Direct system and the commercial book-entry system?

(a) *TreasuryDirect.* TreasuryDirect is a book-entry, online system maintained by Treasury for purchasing, holding and conducting permitted transactions in eligible Treasury securities in electronic form as a computer record on the books of Treasury. TreasuryDirect currently provides for the purchase and holding of eligible book-entry savings bonds, certificates of indebtedness, and eligible marketable Treasury securities.

(b) *Legacy Treasury Direct.* The Legacy Treasury Direct system is a non-Internet-based book-entry system maintained by Treasury for purchasing, holding, and conducting permitted

transactions in eligible marketable Treasury securities as book-entry products. The terms and conditions for the Legacy Treasury Direct system are found at 31 CFR part 357, subpart C.

(c) *Commercial book-entry system.* The commercial book-entry system is the book-entry system in which Treasury securities are held in a tiered system through securities intermediaries such as financial institutions or brokerage firms. The regulations governing the commercial book-entry system are found at 31 CFR part 357, subpart B, and may be referred to in that part as Treasury/Reserve Automated Debt Entry System (TRADES).

■ 21. Amend § 363.5 by redesignating paragraphs (a) and (b) as paragraphs (b) and (c), adding paragraph (a), and revising the newly redesignated paragraph (c), to read as follows:

§ 363.5 How do I contact Public Debt?

(a) You may use the “Contact Us” feature within TreasuryDirect to communicate information to us over a secure Internet connection.

* * * * *

(c) Letters should be addressed to: Bureau of the Public Debt, TreasuryDirect, P.O. Box 5312, Parkersburg, WV 26106–5312.

■ 22. Amend § 363.6 by removing the definition of “Depository financial institution,” adding the definitions of “Commercial book-entry system,” “Financial institution,” “Legacy Treasury Direct system,” “Marketable Treasury security,” “Sell Direct,” and “Tender” in alphabetical order and revising the definition of “Certificate of Indebtedness” and “Transfer,” to read as follows:

§ 363.6 What special terms do I need to know to understand this part?

* * * * *

Certificate of Indebtedness is a one-day non-interest-bearing security held within your primary or linked account, including a minor account for which you are the custodian, that automatically matures and is rolled over each day until you request that it be redeemed.

Commercial book-entry system refers to the book-entry system in which you hold your Treasury securities in a tiered system through securities intermediaries such as financial institutions or brokerage firms. (See § 363.4.)

* * * * *

Financial institution, or depository financial institution, means an entity described in 12 U.S.C. 461 (b)(1)(A)(i)–(vi).

* * * * *

Legacy Treasury Direct system is a non-Internet-based book-entry system maintained by Treasury since 1986 for purchasing and holding marketable Treasury securities directly with Treasury as book-entry products. (See § 363.4.)

* * * * *

Marketable Treasury security refers to a Treasury bill, note, or bond that is negotiable and transferable, that is, may be bought and sold in the secondary market.

* * * * *

Sell Direct® is a service in which Treasury, through our agent, will sell your marketable Treasury security held in TreasuryDirect or Legacy Treasury Direct on the open market for a fee.

* * * * *

Tender means an offer, or bid, to purchase a marketable Treasury security.

* * * * *

Transfer is a transaction to move a security, or a portion of a security, from one account to another within TreasuryDirect, or to move a marketable Treasury security to or from a TreasuryDirect account and an account in Legacy Treasury Direct or the commercial book-entry system.

* * * * *

■ 23. Amend § 363.10 by revising the heading, paragraph (a)(2), and the last sentence of paragraph (b)(1) to read as follows:

§ 363.10 What is a TreasuryDirect account?

* * * * *

(a) * * *

(2) Gifts of savings bonds that have not yet been delivered;

* * * * *

(b) * * *

(1) * * * You may also buy and deliver gift savings bonds from your custom account.

* * * * *

■ 24. Amend § 363.21 by revising the heading, and paragraphs (a), (b), (c), (d), and (e) to read as follows:

§ 363.21 What transactions can I perform online through my TreasuryDirect account?

* * * * *

(a) You can purchase, transfer, and change the registration of an eligible Treasury security, including a transfer of a marketable security for a Sell Direct transaction;

(b) You can redeem a savings bond;

(c) You can deliver a gift savings bond to the account of the recipient;

(d) You can grant and revoke the right to view an eligible security to a

secondary owner or beneficiary named on the security, if the secondary owner or beneficiary is a TreasuryDirect account owner;

(e) You, as the primary owner, can grant certain transaction rights to the secondary owner, and you can also revoke those rights. The secondary owner can exercise those rights, provided they have not been revoked, if the secondary owner is a TreasuryDirect account owner;

* * * * *

■ 25. Amend § 363.22 by revising paragraph (c) to read as follows:

§ 363.22 Who has the right to conduct online transactions in book-entry securities?

* * * * *

(c) *Primary owner with secondary owner form of registration.* (1) The primary owner can conduct any permitted transaction in a security held in the primary owner's TreasuryDirect account. (See § 363.20(e)).

(2) If the primary owner has given the secondary owner the right to conduct transactions in a security, and has not revoked that right, then the secondary owner can conduct transactions in the security. Transactions that may be conducted by the secondary owner include transferring a marketable security, including a transfer for a Sell Direct transaction, redeeming a savings bond, and changing the destination of interest and redemption payments for marketable securities.

* * * * *

■ 26. Amend § 363.26 by revising paragraph (a) and adding paragraph (c), to read as follows:

§ 363.26 What is a transfer?

(a) A transfer is a transaction to:

(1) Move a Treasury security, or a portion of a Treasury security, from one account to another within TreasuryDirect ;

(2) Move a marketable Treasury security to or from a TreasuryDirect account and an account in Legacy Treasury Direct or the commercial book-entry system.

* * * * *

(c) *Gift delivery is not a transfer.* A transfer does not include delivery of a gift savings bond from the donor to the recipient. This is referred to as a delivery.

■ 27. Amend § 363.27 by:

■ a. Redesignating paragraphs (a) through (f) as paragraphs (b) through (g);

■ b. Adding a new paragraph (a) to read as set forth below; and

■ c. Revising the first sentence of the newly redesignated paragraph (e)(2),

and revising the newly redesignated paragraphs (e)(3), (e)(4), (e)(6), and (e)(7), to read as follows:

§ 363.27 What do I need to know about accounts for minors who have not had a legal guardian appointed by a court?

(a) We do not permit a minor to purchase securities.

* * * * *

(e) * * *

(2) The custodian may redeem savings bonds on behalf of the minor through the minor's account. * * *

(3) The custodian may not purchase gift savings bonds from the minor's account.

(4) The custodian may transfer a security to another TreasuryDirect account, provided the account is a linked account bearing the name and taxpayer identification number of the minor. The custodian can transfer a marketable Treasury security to an account in Legacy Treasury Direct or the commercial book-entry system, and may request a Sell Direct transaction.

* * * * *

(6) Gift savings bonds may be delivered to the minor's account.

(7) The custodian may grant rights to view and conduct transactions in the security as may be permitted by § 363.22.

* * * * *

■ 28. Revise §§ 363.36, 363.37, and 363.38 to read as follows:

§ 363.36 What securities can I purchase and hold in my TreasuryDirect account?

You can purchase and hold eligible Treasury securities in your account. Eligible securities are Series EE and Series I savings bonds, certificates of indebtedness, and marketable Treasury securities that are available for purchase through the TreasuryDirect Web site. In addition, you can hold converted savings bonds and eligible marketable Treasury securities that have been transferred from the Legacy Treasury Direct system or the commercial book-entry system.

§ 363.37 How do I purchase and make payment for eligible Treasury securities through my TreasuryDirect account?

(a) *Online purchase.* Purchases of eligible Treasury securities through your TreasuryDirect account must be made online.

(b) *Payment for savings bonds and marketable Treasury securities.* You can pay for eligible savings bonds and marketable Treasury securities by either a debit to your designated account at a United States financial institution using the ACH method, or by using the

redemption proceeds of your certificate of indebtedness.

(c) *Payment for certificate of indebtedness.* You can pay for a certificate of indebtedness by a direct deposit from your financial institution or employer to your TreasuryDirect account using the ACH method; by a debit from your designated account at a financial institution using the ACH method, but the amount of the debit is limited to \$1000 or less; or by using the proceeds of maturing securities held in your Treasury Direct account.

§ 363.38 What happens if my financial institution returns an ACH debit?

If your designated financial institution returns an ACH debit, we reserve the right to reinitiate the debit at our option. We also reserve the right to reverse the transaction, thereby removing the security from your TreasuryDirect account. If the ACH return occurs after the security has been redeemed, transferred, or has matured and the proceeds paid, we reserve the right to reverse previously processed security transactions. We are not responsible for any fees your financial institution may charge relating to returned ACH debits.

■ 29. Revise § 363.40 to read as follows:

§ 363.40 How are payments of principal and interest made?

(a) *Payment of a savings bond that has reached final maturity.* We will purchase a certificate of indebtedness in your TreasuryDirect account using the proceeds of a matured savings bond.

(b) *Payments of interest and principal (except a savings bond that has reached final maturity).* (1) We provide two methods of receiving payments of principal and interest:

(i) Payment to your account at a financial institution by the ACH method, or

(ii) Payment to your TreasuryDirect account to purchase a certificate of indebtedness.

(2) You may select different payment destinations for principal and interest for a marketable Treasury security. You may change your payment destination at any time, unless the security is in the closed book period. (See § 363.210.)

(3) If we are unable to deliver a payment, we will use the payment to purchase a certificate of indebtedness in your TreasuryDirect account.

■ 30. Amend § 363.44 by revising paragraph (a)(1) to read as follows:

§ 363.44 What happens when a TreasuryDirect account owner dies and the estate is entitled to securities held in the account?

(a) *Estate is being administered.* (1) For an estate that is being administered, the legal representative of the estate may request payment of securities, if the securities are eligible for payment, to the estate or to the persons entitled, or may:

(i) Request transfer of securities to the TreasuryDirect account of the persons entitled, if the securities are eligible for transfer;

(ii) Request transfer of marketable Treasury securities to the commercial book-entry system; or

(iii) Request a Sell Direct transaction.

* * * * *

§§ 363.80–363.81 [Removed and reserved]

■ 31. Remove and reserve § 363.80 and § 363.81.

§ 363.82 [Redesignated]

■ 32. Redesignate § 363.82 as § 363.101.

§ 363.82 [Added and reserved]

■ 32a. Add and reserve new § 363.82.

■ 33. Add § 363.100 to read as follows:

§ 363.100 What are the rules for purchasing and delivering gift savings bonds to minors?

(a) A TreasuryDirect account owner can purchase a savings bond as a gift with a minor as the recipient.

(b) An account owner can deliver a bond purchased as a gift to a minor. The account owner must deliver the security to the minor's linked account. Once delivered, the bond will be under the control of the custodian of the minor's account. (See § 363.27.)

■ 34. Revise the newly redesignated § 363.101 to read as follows:

§ 363.101 Can an account owner transfer a book-entry savings bond to a minor?

An account owner can transfer a book-entry savings bond held in TreasuryDirect to a minor as a gift or pursuant to one of the specified exceptions in § 363.55(a).

■ 35. Amend § 363.138 by revising paragraph (c) to read as follows:

§ 363.138 How do I purchase a certificate of indebtedness?

* * * * *

(c) through the Buy Direct® function of your TreasuryDirect account, in which you direct us to debit funds from your account at a financial institution to purchase a certificate of indebtedness. This method is limited to an amount no greater than \$1000 per transaction. When you use the Buy Direct function

to debit funds to purchase all or a portion of a certificate of indebtedness, you will not be permitted to schedule a redemption for cash from your certificate of indebtedness within five business days after the date of the debit entry; or

* * * * *

■ 36. Revise § 363.142 to read as follows:

§ 363.142 Can I redeem my certificate of indebtedness for cash?

You can redeem part or all of the value of your certificate of indebtedness at any time, with one exception: if you purchased all or a portion of your certificate of indebtedness through a debit using the ACH method, you may not schedule a redemption from your certificate of indebtedness within five business days after the date of the debit entry.

■ 37. Redesignate Subpart F as Subpart H.

■ 38. Redesignate § 363.200 through § 363.202 as § 363.250 through § 363.252.

■ 39. Add a new subpart F to read as follows:

Subpart F—Marketable Treasury Securities
Sec.

363.200 What Treasury securities does this subpart govern?

363.201 What other regulations govern book-entry marketable book-entry Treasury bills, notes, and bonds?

363.202 What marketable Treasury securities may I purchase and hold through my TreasuryDirect account?

363.203 After I purchase my marketable Treasury security in TreasuryDirect, is there a period of time during which I may not transfer the security?

363.204 What registrations are available for my marketable Treasury securities held in TreasuryDirect?

363.205 How do I reinvest the proceeds of a maturing security held in TreasuryDirect?

363.206 How can I transfer my marketable Treasury security into my TreasuryDirect account from another book-entry system?

363.207 Can I transfer my marketable Treasury security from my TreasuryDirect account to another TreasuryDirect account?

363.208 Can I transfer my marketable Treasury security from my TreasuryDirect account to an account in another book-entry system?

363.209 How can I direct that my marketable Treasury security be sold on the open market (Sell Direct®)?

363.210 Is there any period of time during which I will be unable to process certain transactions regarding my security?

363.211–363.249 [Reserved]

Subpart F—Marketable Treasury Securities

§ 363.200 What Treasury securities does this subpart govern?

This subpart provides the rules for holding marketable Treasury bills, notes, and bonds in book-entry form in TreasuryDirect.

§ 363.201 What other regulations govern book-entry marketable book-entry Treasury bills, notes, and bonds?

(a) 31 CFR part 356 governs the sale and issue of marketable book-entry Treasury securities on or after March 1, 1993, whether held in TreasuryDirect, Legacy Treasury Direct, or the commercial book-entry system.

(b) 31 CFR part 357 governs holding marketable book-entry Treasury bills, notes, and bonds in the Legacy Treasury Direct system and in the commercial book-entry system.

§ 363.202 What marketable Treasury securities may I purchase and hold through my TreasuryDirect account?

(a) *Purchase.* You may purchase any marketable Treasury security that is available for purchase through the TreasuryDirect Web site.

(b) *Hold.* You may transfer into the system and maintain in your TreasuryDirect account any eligible marketable book-entry Treasury bill, note, or bond.

§ 363.203 After I purchase my marketable Treasury security in TreasuryDirect, is there a period of time during which I may not transfer the security?

Once you purchase a marketable Treasury security in TreasuryDirect, you may not transfer that security for a period of 45 calendar days after the issue date of the security, or the term of the security, whichever is less.

§ 363.204 What registrations are available for my marketable Treasury securities held in TreasuryDirect?

You may register your marketable Treasury securities in any form of registration permitted by § 363.20 of this part.

§ 363.205 How do I reinvest the proceeds of a maturing security held in TreasuryDirect?

You can reinvest the proceeds of a maturing security held in TreasuryDirect by first directing that the proceeds from the maturing security be used to purchase a certificate of indebtedness in your account, and then using the redemption proceeds of your certificate of indebtedness to purchase another security. Any purchase using the proceeds from a certificate of indebtedness is considered a reinvestment.

§ 363.206 How can I transfer my marketable Treasury security into my TreasuryDirect account from another book-entry system?

(a) *Legacy Treasury Direct to TreasuryDirect.* 31 CFR part 357, subpart C, governs the transfer of a marketable book-entry Treasury security from your Legacy Treasury Direct account into TreasuryDirect.

(b) *Commercial book-entry system to TreasuryDirect.* You may transfer your marketable Treasury security from the commercial book-entry system by contacting the financial institution or broker that handles your commercial book-entry account.

(c) *Form of registration upon transfer to TreasuryDirect.* When your security is transferred into your TreasuryDirect account, it will be transferred into your account in your name in the sole owner form of registration, regardless of the form of registration prior to the transfer. After the transfer is completed, you can change the registration to any form of registration permitted by § 363.20.

(d) *Amounts transferred.* You can only transfer in increments of \$1000.

§ 363.207 Can I transfer my marketable Treasury security from my TreasuryDirect account to another TreasuryDirect account?

After the initial 45-calendar day holding period for your marketable Treasury security (see § 363.203) you can transfer your security to another TreasuryDirect account in increments of \$1000.

§ 363.208 Can I transfer my marketable Treasury security from my TreasuryDirect account to an account in another book-entry system?

After the initial 45-calendar day holding period for your marketable Treasury security (see § 363.203) you can transfer your security to an account in Legacy Treasury Direct or to an account in the commercial book-entry system in increments of \$1000.

§ 363.209 How can I direct that my marketable Treasury security be sold on the open market (Sell Direct®)?

(a) *Sell Direct.* We offer a service, referred to as Sell Direct, in which we will sell your marketable Treasury security for you on the open market at your request. We will transfer your security to an account in the commercial book-entry system maintained by our agent, and will sell the security on your behalf. By authorizing the transfer and sale of the security, you agree to accept the price received by our agent. If our agent is unable to obtain at least one price quote for the security, the security will be returned to your TreasuryDirect account.

(b) *Fee.* We charge a fee for each security sold on your behalf. By authorizing the sale of the security, you authorize our agent to deduct the fee from the proceeds of the sale. If our agent is unable to complete the sale, no fee will be charged. The amount of the fee is published in the **Federal Register**.

(c) *Definitions.* The following definitions will help you understand this section and the confirmation that you will receive after the sale is completed.

(1) The *trade date* is the date that your security is sold.

(2) A *security*, for the purpose of this section, is any amount represented by a separate CUSIP number (see definition of CUSIP in 31 CFR part 356).

(3) The *settlement date* is the date that the proceeds of the sale are released to the financial institution that you designated to receive the proceeds.

(4) The *yield to maturity*, or *yield*, is the annualized rate of return to maturity on a fixed principal security expressed as a percentage. For an inflation-indexed security, yield means real yield, as defined in 31 CFR part 356.

(d) On the settlement date, our agent will release the settlement proceeds,

less the fee, to the account at the financial institution that you designated.

(e) When the transaction is complete, our agent will send you a confirmation. The confirmation will include the price, trade date, settlement date, settlement amount or net amount, transaction fee, and yield to maturity.

(f) We are not liable for changes in market conditions affecting the price received for the security, or for any loss that you may incur as a result of the sale or the inability of our agent to complete the sale.

(g) We reserve the right to terminate the Sell Direct® service at any time.

§ 363.210 Is there any period of time during which I will be unable to process certain transactions regarding my security?

A closed book period will be in effect for four business days prior to the date a marketable security interest or redemption payment is made. This means that certain transactions made during the closed book period will be delayed until after the closed book period is completed and the payment is made. You will be unable to transfer the security, change the payment destination, change the registration of the security, or use Treasury's Sell Direct® service during this closed book period.

§§ 363.211–363.249 [Added and reserved]

■ 40. Add and reserve §§363.211 through 363.249 in subpart F.

Subpart G—[Added and reserved]

■ 41. Add and reserve Subpart G.

Dated: September 26, 2005.

Donald V. Hammond,
Fiscal Assistant Secretary.

[FR Doc. 05–19552 Filed 9–27–05; 12:41 pm]

BILLING CODE 4810–39–P

Department of the Treasury



Fiscal Service, Bureau of the Public Debt

Amendments to:

**31 CFR Part 306 - General Regulations Governing
U.S. Securities
Department of the Treasury Circular 300**

**31 CFR Part 315 - Regulations Governing U.S. Savings
Bonds, Series A, B, C, E, F, G, H, J, and K, and
U.S. Savings Notes
Department of the Treasury Circular 530**

**31 CFR Part 353 - Regulations Governing United
States Savings Bonds, Series EE and HH
Department of the Treasury Circular,
Public Debt Series No. 3-80**

**31 CFR Part 357 - Regulations Governing
Book-Entry Treasury Bonds, Notes and Bills Held in
Legacy Treasury Direct®
Department of the Treasury Circular,
Public Debt Series No. 2-86**

**31 CFR Part 360 - Regulations Governing Definitive
United States Savings Bonds, Series I
Department of the Treasury Circular,
Public Debt Series No. 2-98**

**31 CFR Part 363
Regulations Governing Securities Held in
TreasuryDirect®**

Amended September 30, 2005

DEPARTMENT OF THE TREASURY**Fiscal Service****31 CFR Parts 306, 315, 353, 357, 360, and 363**

[Docket No. BPD-33-05-01]

General Regulations Governing U.S. Securities; Regulations Governing U.S. Savings Bonds, Series A, B, C, D, E, F, G, H, J, and K, and U.S. Savings Notes; Regulations Governing United States Savings Bonds, Series EE and HH; Regulations Governing Book-Entry Treasury Bonds, Notes and Bills (Department of the Treasury Circular, Public Debt Series No. 2-86); Regulations Governing Definitive United States Savings Bonds, Series I; Regulations Governing Securities Held in the New Treasury Direct System

AGENCY: Bureau of the Public Debt, Fiscal Service, Treasury.

ACTION: Final rule.

SUMMARY: New Treasury Direct is an account-based, book-entry, online system for purchasing, holding, and conducting transactions in Treasury securities. The system has been referred to as New Treasury Direct because there is an older system concurrently operating that is also named Treasury Direct, for marketable securities only, with different governing regulations. This rule renames the older version of Treasury Direct as Legacy Treasury Direct, and renames New Treasury Direct as, simply, TreasuryDirect (one word).

In addition, this rule simplifies the regulatory structure for TreasuryDirect. Initially, we began the system with only one security. Since that time, we have added several securities to the system, each with its own governing subpart. Many of the rules in the subparts governing individual securities are repetitive. For instance, the provisions for decedents' estates differ only slightly in subpart C (savings bonds) from provisions in subpart D (certificates of indebtedness), and subpart E (converted savings bonds). Rather than repeat similar provisions for each security, this rule will integrate the similar provisions into one provision that will apply to all securities in the system. The integrated provisions will be contained in subpart B, which applies to all securities held within the system. Provisions that affect only one security will be contained within the subpart governing that security. In condensing and moving substantive changes.

We are also amending provisions relating to Internal Revenue Service levies to provide that we will honor levies against the secondary owner of securities owned in the primary/secondary form of ownership if the levy is received at a date when the secondary owner has a right to redeem the security.

DATES: Effective: September 30, 2005.

ADDRESSES: You can download this final rule at the following Internet addresses: <http://www.publicdebt.treas.gov> or <http://www.gpoaccess.gov/ecfr>.

FOR FURTHER INFORMATION CONTACT:

Elisha Whipkey, Director, Division of Program Administration, Office of Securities Operations, Bureau of the Public Debt, at (304) 480-6319 or elisha.whipkey@bpd.treas.gov.

Susan Klimas, Attorney-Adviser, Dean Adams, Assistant Chief Counsel, Edward Gronseth, Deputy Chief Counsel, Office of the Chief Counsel, Bureau of the Public Debt, at (304) 480-8692 or susan.klimas@bpd.treas.gov.

SUPPLEMENTARY INFORMATION:

TreasuryDirect is an account-based, online, book-entry system for purchasing, holding, and conducting transactions in Treasury securities via the Internet. Currently, book-entry Series EE and Series I savings bonds and certificates of indebtedness are offered for purchase, and definitive savings bonds may be converted to book-entry savings bonds through TreasuryDirect.

The TreasuryDirect regulations have been written in a modular manner. We have added subparts as we have added securities to the system. Each subpart has its own provisions as to judicial matters, forms of registration, decedents' estates, evidentiary requirements, and forfeiture procedures. This is because it was unclear when we began the system with savings bonds what securities would later be added, and whether these securities would have the same terms and conditions as the savings bonds already in the system. Now, it is clear that many of the administrative provisions for all securities will be similar. Therefore, we have removed some provisions from the subparts specific to the securities, and added consolidated provisions to the subpart that is common to all securities held in TreasuryDirect. This will better clarify the terms and conditions for forms of registration, decedents' estates, judicial proceedings, evidentiary requirements, and forfeiture procedures, and will tailor these provisions to the system's current and planned configuration. We originally placed these provisions, and others, into subpart C, which deals specifically with book-entry savings

bonds, subpart D, which deals specifically with certificates of indebtedness, and subpart E, which deals with converted savings bonds. We are moving these provisions to subpart B, which is a subpart that is common to all securities held within the TreasuryDirect system. Generally, the substance of the moved provisions has not been changed, other than to make references to securities in general rather than to a specific security.

We are amending the provisions regarding Internal Revenue Service levies to provide that we will honor levies against the secondary owner of securities owned in the primary/secondary form of ownership if the levy is received at a time when the secondary owner has a right to redeem the security. Previously, levies were honored only against "owners" as defined in the TreasuryDirect governing regulations. Owners were defined as "either a single owner, the first person named in the registration of a security held in the owner with beneficiary form of registration, the primary owner of a security held in the primary owner with secondary owner form of registration, or either coowner of a converted savings bond." IRS levies were not permitted against secondary owners because of the nature of the ownership interest. However, during periods when a secondary owner has been given the right to redeem, he or she has an interest sufficient for an IRS levy to attach.

Procedural Requirements

This final rule does not meet the criteria for a "significant regulatory action" as defined in Executive Order 12866. Therefore, a regulatory assessment is not required.

Because this final rule relates to matters of public contract and procedures for United States securities, notice and public procedure and delayed effective date requirements are inapplicable, pursuant to 5 U.S.C. 553(a)(2).

As no notice of proposed rulemaking is required, the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) does not apply.

We ask for no new collections of information in this final rule. Therefore, the Paperwork Reduction Act (44 U.S.C. 3507) does not apply.

List of Subjects

31 CFR Part 306

Government securities.

31 CFR Part 315

Bonds.

31 CFR Part 353

Bonds.

31 CFR Part 357

Banks, Banking, Bonds, Electronic funds transfers, Government securities, Reporting and recordkeeping requirements.

31 CFR Part 360

Bonds.

31 CFR Part 363

Bonds, Electronic funds transfer, Federal Reserve system, Government securities, Securities.

■ Accordingly, for the reasons set out in the preamble, 31 CFR chapter II, subchapter B, is amended as follows:

PART 306—GENERAL REGULATIONS GOVERNING U.S. SECURITIES

■ 1. The authority citation of part 306 continues to read as follows:

Authority: 31 U.S.C. Chapter 31; 5 U.S.C. 301; 12 U.S.C. 391.

■ 2. Amend § 306.2 by adding paragraph (u) to read as follows:

§ 306.2 Definitions of words and terms as used in these regulations.

* * * * *

(u) *Voluntary representative* means the person qualified by the Department of the Treasury to request payment or make an assignment of a decedent's securities pursuant to § 306.65.

■ 3. Revise § 306.65 to read as follows:

§ 306.65 Decedent's estate.

(a) *Estate is being administered.* (1) A legal representative of a deceased owner's estate may request payment of matured securities to the estate, or may assign securities to or for the benefit of the persons entitled.

(2) Appropriate proof of appointment for the legal representative of the estate is required. Letters of appointment must be dated not more than one year prior to the date of submission of the letters of appointment.

(b) *Estate has been settled previously.* If the estate has been settled previously through judicial proceedings, the persons entitled may request payment of matured securities, or may request assignment of unmatured securities. A certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence is required.

(c) *Special provisions under the law of the jurisdiction of the decedent's domicile.* If there is no formal or regular administration and no representative of the estate is to be appointed, the person

appointed to receive or distribute the assets of a decedent's estate without regular administration under summary or small estates procedures under applicable local law may request payment of matured securities, or may request assignment of the securities. Appropriate evidence is required.

(d) *When administration is required.* If the total redemption value of the Treasury securities and undelivered payments, if any, held directly on our records that are the property of the decedent's estate is greater than \$100,000, administration of the decedent's estate will be required. The redemption value of savings bonds and the principal amount of marketable securities will be used to determine the value of securities, and will be determined as of the date of death. Administration may also be required at the discretion of the Department for any case.

(e) *Voluntary representative for small estates that are not being otherwise administered.* (1) *General.* A voluntary representative is a person qualified according to paragraph (e)(3) of this section, to request payment of a decedent's matured securities or to make an assignment of a decedent's unmatured securities. The voluntary representative procedures are for the convenience of the Department; entitlement to the decedent's securities and held payments, if any, is determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. Voluntary representative procedures may be used only if:

(i) There has been no administration, no administration is contemplated, and no summary or small estate procedures under applicable local law have been used;

(ii) The total redemption value of the Treasury securities and held payments, if any, held directly on our records that are the property of the decedent's estate is \$100,000 or less as of the date of death; and

(iii) There is a person eligible to serve as the voluntary representative according to paragraph (e)(3) of this section.

(2) *Authority of voluntary representative.* A voluntary representative may:

(i) Request payment of the decedent's matured securities on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death;

(ii) Assign the decedent's securities to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death.

(3) *Order of precedence for voluntary representative.* An individual eighteen years of age or older may act as a voluntary representative according to the following order of precedence: a surviving spouse; if there is no surviving spouse, then a child of the decedent; if there are none of the above, then a descendant of a deceased child of the decedent; if there are none of the above, then a parent of the decedent; if there are none of the above, then a brother or sister of the decedent; if there are none of the above, then a descendant of a deceased brother or sister of the decedent; if there are none of the above, then a next of kin of the decedent, as determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. As used in this order of precedence, child means a natural or adopted child of the decedent.

(4) *Liability.* By serving, the voluntary representative warrants that the distribution of payments or securities is to or on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death. The United States is not liable to any person for the improper distribution of payments or securities. Upon payment or assignment of the securities at the request of the voluntary representative, the United States is released to the same extent as if it had paid or delivered to a representative of the estate appointed pursuant to the law of the jurisdiction in which the decedent was domiciled at the date of death. The voluntary representative shall indemnify and hold harmless the United States and all creditors and persons entitled to the estate of the decedent. The amount of the indemnification is limited to an amount no greater than the value received by the voluntary representative.

(f) *Creditor.* If there has been no administration, no administration is contemplated, no summary or small estate procedures under applicable local law have been used, and there is no person eligible to serve as a voluntary representative pursuant to paragraph (e) of this section, then a creditor may make a claim for the amount of the debt, providing the debt has not been barred by applicable local law. The claim may only be satisfied by the proceeds of matured securities.

§§ 306.66 and 306.67 [Removed and Reserved]

■ 4. Remove and reserve §§ 306.66 and 306.67.

**PART 315—REGULATIONS
GOVERNING U.S. SAVINGS BONDS,
SERIES A, B, C, D, E, F, G, H, J, AND
K, AND U.S. SAVINGS NOTES**

■ 5. The authority citation of part 315 continues to read as follows:

Authority: 31 U.S.C. 3105 and 5 U.S.C. 301.

■ 6. Amend § 315.2 by adding paragraph (r) to read as follows:

§ 315.2 Definitions.

* * * * *

(r) *Voluntary representative* means the person qualified by the Department of the Treasury to request payment or distribution of a decedent's savings bonds pursuant to § 315.71.

■ 7. Revise § 315.71 to read as follows:

§ 315.71 Decedent's estate.

(a) *Estate is being administered.* (1) A legal representative of a deceased owner's estate may request payment of savings bonds to the estate, or may distribute the savings bonds to the persons entitled.

(2) Appropriate proof of appointment for the legal representative of the estate is required. Letters of appointment must be dated not more than one year prior to the date of submission of the letters of appointment.

(b) *Estate has been settled previously.* If the estate has been settled previously through judicial proceedings, the persons entitled may request payment or reissue of the savings bonds. A certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence is required.

(c) *Special provisions under the law of the jurisdiction of the decedent's domicile.* If there is no formal or regular administration and no representative of the estate is to be appointed, the person appointed to receive or distribute the assets of a decedent's estate without regular administration under summary or small estates procedures under applicable local law may request payment or reissue of savings bonds. Appropriate evidence is required.

(d) *When administration is required.* If the total redemption value of the Treasury securities and undelivered payments, if any, held directly on our records that are the property of the decedent's estate is greater than \$100,000, administration of the decedent's estate will be required. The redemption value of savings bonds and the principal amount of marketable securities will be used to determine the value of securities, and will be determined as of the date of death. Administration may also be required at

the discretion of the Department for any case.

(e) *Voluntary representative for small estates that are not being otherwise administered.* (1) *General.* A voluntary representative is a person qualified according to paragraph (e)(3) of this section, to redeem or to distribute a decedent's savings bonds. The voluntary representative procedures are for the convenience of the Department; entitlement to the decedent's savings bonds and held payments, if any, is determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. Voluntary representative procedures may be used only if:

(i) There has been no administration, no administration is contemplated, and no summary or small estate procedures under applicable local law have been used;

(ii) The total redemption value of the Treasury securities and held payments, if any, held directly on our records that are the property of the decedent's estate is \$100,000 or less as of the date of death; and

(iii) There is a person eligible to serve as the voluntary representative according to paragraph (e)(3) of this section.

(2) *Authority of voluntary representative.* A voluntary representative may:

(i) Redeem the decedent's savings bonds on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death;

(ii) Distribute the decedent's savings bonds to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death.

(3) *Order of precedence for voluntary representative.* An individual eighteen years of age or older may act as a voluntary representative according to the following order of precedence: A surviving spouse; if there is no surviving spouse, then a child of the decedent; if there are none of the above, then a descendant of a deceased child of the decedent; if there are none of the above, then a parent of the decedent; if there are none of the above, then a brother or sister of the decedent; if there are none of the above, then a descendant of a deceased brother or sister of the decedent; if there are none of the above, then a next of kin of the decedent, as determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. As used in this order of precedence, child means a natural or adopted child of the decedent.

(4) *Liability.* By serving, the voluntary representative warrants that the distribution of payments or savings bonds is to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death. The United States is not liable to any person for the improper distribution of payments or savings bonds. Upon payment or distribution of the savings bonds at the request of the voluntary representative, the United States is released to the same extent as if it had paid or delivered to a representative of the estate appointed pursuant to the law of the jurisdiction in which the decedent was domiciled at the date of death. The voluntary representative shall indemnify and hold harmless the United States and all creditors and persons entitled to the estate of the decedent. The amount of the indemnification is limited to an amount no greater than the value received by the voluntary representative.

(f) *Creditor.* If there has been no administration, no administration is contemplated, no summary or small estate procedures under applicable local law have been used, and there is no person eligible to serve as a voluntary representative pursuant to paragraph (e) of this section, then a creditor may make a claim for payment for the amount of the debt, providing the debt has not been barred by applicable local law.

**PART 353—REGULATIONS
GOVERNING UNITED STATES
SAVINGS BONDS, SERIES EE AND HH**

■ 8. The authority citation of part 353 continues to read as follows:

Authority: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3105, 3125.

■ 9. Amend § 353.2 by adding paragraph (n) to read as follows:

§ 353.2 Definitions.

* * * * *

(n) *Voluntary representative* means the person qualified by the Department of the Treasury to request payment or distribution of a decedent's savings bonds pursuant to § 353.71.

■ 10. Revise § 353.71 to read as follows:

§ 353.71 Decedent's estate.

(a) *Estate is being administered.* (1) A legal representative of a deceased owner's estate may request payment of savings bonds to the estate, or may distribute the savings bonds to the persons entitled.

(2) Appropriate proof of appointment for the legal representative of the estate is required. Letters of appointment must be dated not more than one year prior

to the date of submission of the letters of appointment.

(b) *Estate has been settled previously.* If the estate has been settled previously through judicial proceedings, the persons entitled may request payment or reissue of savings bonds. A certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence is required.

(c) *Special provisions under the law of the jurisdiction of the decedent's domicile.* If there is no formal or regular administration and no representative of the estate is to be appointed, the person appointed to receive or distribute the assets of a decedent's estate without regular administration under applicable local law summary or small estates procedures may request payment or reissue of savings bonds. Appropriate evidence is required.

(d) *When administration is required.* If the total redemption value of the Treasury securities and undelivered payments, if any, held directly on our records that are the property of the decedent's estate is greater than \$100,000, administration of the decedent's estate will be required. The redemption value of savings bonds and the principal amount of marketable securities will be used to determine the value of securities, and will be determined as of the date of death. Administration may also be required at the discretion of the Department for any case.

(e) *Voluntary representative for small estates that are not being otherwise administered.* (1) *General.* A voluntary representative is a person qualified according to paragraph (e)(3) of this section, to redeem or distribute a decedent's savings bonds. The voluntary representative procedures are for the convenience of the Department; entitlement to the decedent's savings bonds and held payments, if any, is determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. Voluntary representative procedures may be used only if:

(i) There has been no administration, no administration is contemplated, and no summary or small estate procedures under applicable local law have been used;

(ii) The total redemption value of the Treasury securities and held payments, if any, held directly on our records that are the property of the decedent's estate is \$100,000 or less as of the date of death; and

(iii) There is a person eligible to serve as the voluntary representative

according to paragraph (e)(3) of this section.

(2) *Authority of voluntary representative.* A voluntary representative may:

(i) Redeem the decedent's savings bonds that are eligible for redemption on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death;

(ii) Distribute the decedent's savings bonds to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death.

(3) *Order of precedence for voluntary representative.* An individual eighteen years of age or older may act as a voluntary representative according to the following order of precedence: A surviving spouse; if there is no surviving spouse, then a child of the decedent; if there are none of the above, then a descendant of a deceased child of the decedent; if there are none of the above, then a parent of the decedent; if there are none of the above, then a brother or sister of the decedent; if there are none of the above, then a descendant of a deceased brother or sister of the decedent; if there are none of the above, then a next of kin of the decedent, as determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. As used in this order of precedence, child means a natural or adopted child of the decedent.

(4) *Liability.* By serving, the voluntary representative warrants that the distribution of payments or savings bonds is to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death. The United States is not liable to any person for the improper distribution of payments or securities. Upon payment or transfer of the securities at the request of the voluntary representative, the United States is released to the same extent as if it had paid or delivered to a representative of the estate appointed pursuant to the law of the jurisdiction in which the decedent was domiciled at the date of death. The voluntary representative shall indemnify and hold harmless the United States and all creditors and persons entitled to the estate of the decedent. The amount of the indemnification is limited to an amount no greater than the value received by the voluntary representative.

(f) *Creditor.* If there has been no administration, no administration is contemplated, no summary or small estate procedures under applicable local law have been used, and there is no

person eligible to serve as a voluntary representative pursuant to paragraph (e) of this section, then a creditor may make a claim for the amount of the debt, providing the debt has not been barred by applicable local law.

PART 357—REGULATIONS GOVERNING BOOK-ENTRY TREASURY BONDS, NOTES AND BILLS HELD IN LEGACY TREASURY DIRECT

■ 11. The authority citation for part 357 continues to read as follows:

Authority: 31 U.S.C. chapter 31; 5 U.S.C. 301; 12 U.S.C. 391.

■ 12. Revise the heading for part 357 to read as set forth above.

■ 13. In part 357, the phrases "TREASURY DIRECT," "Treasury Direct," and "TreasuryDirect" are revised to read "Legacy Treasury Direct" wherever they appear.

■ 14. Amend § 357.0 by revising paragraph (c) to read as follows:

§ 357.0 Book-entry systems.

* * * * *

(c) *TreasuryDirect system.* TreasuryDirect is an Internet-based book-entry system maintained by the Department of the Treasury. The regulations governing TreasuryDirect are found at part 363 of this chapter. Legacy Treasury Direct is a separate, non-Internet-based book-entry system for marketable Treasury securities only.

■ 15. Amend § 357.2 by adding the definition of "Voluntary representative" in alphabetical order, to read as follows:

§ 357.2 Definitions.

* * * * *

Voluntary representative means the person qualified by the Department of the Treasury to accept payment or direct distribution of a decedent's securities pursuant to § 357.28.

■ 16. Amend § 357.28 by revising paragraph (c) to read as follows:

§ 357.28 Transaction requests.

* * * * *

(c) *Representatives.*

(1) *General.* Any representative of an owner's estate, other than a trustee, may execute a transaction request form if the representative submits to the Department properly authenticated evidence of the authority to act. The evidence will not be accepted if dated more than one year prior to the date of submission of the transaction request.

(2) *Decedent's estate has been settled previously.* If a decedent's estate has been settled previously through judicial proceedings, the persons entitled may

make a transaction request. A certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence will be required.

(3) *Special provisions under the law of the jurisdiction of the decedent's domicile.* If there is no formal or regular administration and no representative of the decedent's estate is to be appointed, the person appointed to receive or distribute the assets of a decedent's estate without regular administration under applicable local law summary or small estates procedures may make a transaction request. Appropriate evidence will be required.

(4) *When administration is required.* If the total redemption value of the Treasury securities and undelivered payments, if any, held directly on our records that are the property of the decedent's estate is greater than \$100,000, administration of the decedent's estate will be required. The redemption value of savings bonds and the principal amount of marketable securities will be used to determine the value of securities, and will be determined as of the date of death. Administration may also be required at the discretion of the Department for any case.

(5) *Voluntary representative for small estates of decedents that are not being otherwise administered.* (i) *General.* A voluntary representative is a person qualified according to paragraph (c)(5)(iii) of this section, to make a transaction request. The voluntary representative procedures are for the convenience of the Department; entitlement to the decedent's securities and held payments, if any, is determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. Voluntary representative procedures may be used only if:

(A) There has been no administration, no administration is contemplated, and no summary or small estate procedures under applicable local law have been used;

(B) The total redemption value of the Treasury securities and held payments, if any, that are the property of the decedent's estate is \$100,000 or less as of the date of death; and

(C) There is a person eligible to serve as the voluntary representative according to paragraph (c)(5)(iii) of this section.

(ii) *Authority of voluntary representative.* A voluntary representative may make a transaction request to distribute the securities to or for the benefit of the persons entitled by laws of the jurisdiction in which the

decedent was domiciled at the date of death.

(iii) *Order of precedence for voluntary representative.* An individual eighteen years of age or older may act as a voluntary representative according to the following order of precedence: A surviving spouse; if there is no surviving spouse, then a child of the decedent; if there are none of the above, then a descendant of a deceased child of the decedent; if there are none of the above, then a parent of the decedent; if there are none of the above, then a brother or sister of the decedent; if there are none of the above, then a descendant of a deceased brother or sister of the decedent; if there are none of the above, then a next of kin of the decedent, as determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. As used in this order of precedence, child means a natural or adopted child of the decedent.

(iv) *Liability.* By serving, the voluntary representative warrants that the distribution of securities or proceeds is to or on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death. The United States is not liable to any person for the improper distribution of securities or proceeds. Upon distribution of the securities or proceeds at the request of the voluntary representative, the United States is released to the same extent as if it had paid or delivered to a representative of the estate appointed pursuant to the law of the jurisdiction in which the decedent was domiciled at the date of death. The voluntary representative shall indemnify and hold harmless the United States and all creditors and persons entitled to the estate of the decedent. The amount of the indemnification is limited to an amount no greater than the value received by the voluntary representative.

(v) *Creditor.* If there has been no administration, no administration is contemplated, no summary or small estate procedures under applicable local law have been used, and there is no person eligible to serve as a voluntary representative pursuant to paragraph (e) of this section, then a creditor may make a claim for payment of the amount of the debt, providing the debt has not been barred by applicable local law.

* * * * *

PART 360—REGULATIONS GOVERNING DEFINITIVE UNITED STATES SAVINGS BONDS, SERIES I

■ 17. The authority citation for part 360 continues to read as follows:

Authority: 5 U.S.C. 301; 31 U.S.C. 3105 and 3125.

■ 18. Amend § 360.2 by adding paragraph (n) to read as follows:

§ 360.2 Definitions.

* * * * *

(n) *Voluntary representative* means the person qualified by the Department of the Treasury to request payment or distribution of a decedent's savings bonds pursuant to § 360.71.

■ 19. Amend § 360.70 by revising the second sentence of the introductory paragraph, to read as follows:

§ 360.70 General rules governing entitlement.

* * * Appropriate proof of death will be required.

* * * * *

■ 20. Revise § 360.71 to read as follows:

§ 360.71 Decedent's estate.

(a) *Estate is being administered.* (1) A legal representative of a deceased owner's estate may request payment of savings bonds to the estate, or may distribute the savings bonds to the persons entitled.

(2) Appropriate proof of appointment for the legal representative of the estate is required. Letters of appointment must be dated not more than one year prior to the date of submission of the letters of appointment.

(b) *Estate has been settled previously.* If the estate has been settled previously through judicial proceedings, the persons entitled may request payment or reissue of the savings bonds. A certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence is required.

(c) *Special provisions under the law of the jurisdiction of the decedent's domicile.* If there is no formal or regular administration and no representative of the estate is to be appointed, the person appointed to receive or distribute the assets of a decedent's estate without regular administration under applicable local law summary or small estates procedures may request payment or reissue of savings bonds. Appropriate evidence is required.

(d) *When administration is required.* If the total redemption value of the Treasury securities and undelivered payments, if any, held directly on our records that are the property of the decedent's estate is greater than \$100,000, administration of the decedent's estate will be required. The redemption value of savings bonds and the principal amount of marketable securities will be used to determine the

value of securities, and will be determined as of the date of death. Administration may also be required at the discretion of the Department for any case.

(e) *Voluntary representative for small estates that are not being otherwise administered.* (1) *General.* A voluntary representative is a person qualified according to paragraph (e)(3) of this section, to request payment or distribution of a decedent's savings bonds. The voluntary representative procedures are for the convenience of the Department; entitlement to the decedent's savings bonds and held payments, if any, is determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. Voluntary representative procedures may be used only if:

(i) There has been no administration, no administration is contemplated, and no summary or small estate procedures under applicable local law have been used;

(ii) The total redemption value of the Treasury securities and held payments, if any, held directly on our records that are the property of the decedent's estate is \$100,000 or less as of the date of death; and

(iii) There is a person eligible to serve as the voluntary representative according to paragraph (e)(3) of this section.

(2) *Authority of voluntary representative.* A voluntary representative may:

(i) Redeem the decedent's savings bonds that are eligible for redemption on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death;

(ii) Distribute the decedent's savings bonds to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death.

(3) *Order of precedence for voluntary representative.* An individual eighteen years of age or older may act as a voluntary representative according to the following order of precedence: A surviving spouse; if there is no surviving spouse, then a child of the decedent; if there are none of the above, then a descendant of a deceased child of the decedent; if there are none of the above, then a parent of the decedent; if there are none of the above, then a brother or sister of the decedent; if there are none of the above, then a descendant of a deceased brother or sister of the decedent; if there are none of the above, then a next of kin of the decedent, as determined by the law of the jurisdiction in which the decedent was

domiciled at the date of death. As used in this order of precedence, child means a natural or adopted child of the decedent.

(4) *Liability.* By serving, the voluntary representative warrants that the distribution of payments or savings bonds is to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death. The United States is not liable to any person for the improper distribution of payments or securities. Upon payment or distribution of the securities at the request of the voluntary representative, the United States is released to the same extent as if it had paid or delivered to a representative of the estate appointed pursuant to the law of the jurisdiction in which the decedent was domiciled at the date of death. The voluntary representative shall indemnify and hold harmless the United States and all creditors and persons entitled to the estate of the decedent. The amount of the indemnification is limited to an amount no greater than the value received by the voluntary representative.

(f) *Creditor.* If there has been no administration, no administration is contemplated, no summary or small estate procedures under applicable local law have been used, and there is no person eligible to serve as a voluntary representative pursuant to paragraph (e) of this section, then a creditor may make a claim for payment of the amount of the debt, providing the debt has not been barred by applicable local law.

PART 363—REGULATIONS GOVERNING SECURITIES HELD IN TREASURYDIRECT

■ 21. The authority citation for part 363 continues to read as follows:

Authority: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3102, *et seq.*; 31 U.S.C. 3121, *et seq.*

■ 22. Revise the heading for part 363 to read as set forth above.

■ 23–24. In part 363, revise all references to “New Treasury Direct” to read “TreasuryDirect” wherever they appear.

■ 25. Amend § 363.6 by:

■ a. Removing all references to “§ 363.15” and adding in their places the reference “§ 363.10”;

■ b. Adding the definition of “Voluntary representative” in alphabetical order;

■ c. Revising the definition of “Final maturity of a savings bond”;

■ d. Revising the definition of “Minor linked account,” and

■ e. Revising footnote 1 to read as follows:

§ 363.6 What special terms do I need to know to understand this part?

* * * * *

Final maturity of a savings bond means the date beyond which an unredeemed savings bond no longer earns interest.¹

* * * * *

Minor account means an account that a custodian controls on behalf of a minor, that is linked to the custodian's primary account. (See §§ 363.10 and 363.27 for more information about minor accounts.)

* * * * *

Voluntary representative means the person qualified by the Department of the Treasury to accept payment or direct distribution of a decedent's securities pursuant to § 363.44.

* * * * *

¹ Series EE and Series I savings bonds currently have an original maturity period of 20 years and an extended maturity period of 10 years beyond original maturity during which the bonds continue to earn interest.

■ 26. Revise the heading for Subpart B to read as follows:

Subpart B—General Provisions Governing Securities Held in TreasuryDirect

■ 26a. Transfer §§ 363.9 through 363.14 to subpart B.

■ 27. Add § 363.9 to read as follows:

§ 363.9 What does this subpart cover?

This subpart provides general rules governing securities held within the TreasuryDirect system. Provisions in the subparts governing specific securities that conflict with these general rules will supersede these general rules.

■ 28. Redesignate §§ 363.15 and 363.16 as §§ 363.10 and 363.11, respectively.

■ 29. Add § 363.12 to read as follows:

§ 363.12 Who may purchase and hold book-entry securities in TreasuryDirect?

(a) A TreasuryDirect account owner may purchase and hold securities through his or her account.

(b) We do not permit a legally incompetent person to open an account, purchase securities, or convert savings bonds once we have been provided with an order from a court with appropriate jurisdiction determining incompetence to perform such activities.

(c) We do not permit a legal representative, a legal guardian, or a voluntary representative to purchase securities on behalf of the estate of a decedent or an incompetent person.

(d) We may reject any application for the purchase of a security, in whole or

in part. We may refuse to issue a security in any case or class of cases, if we deem the action to be in the public interest. Our decision in any such respect is final.

■ 30. Redesignate §§ 363.17 through 363.23 as §§ 363.13 through 363.19, respectively.

■ 31. Add new § 363.20 to read as follows:

§ 363.20 What do I need to know about the forms of registration that are available for purchases of securities through my TreasuryDirect account?

(a) *General principles.* (1) Registration must express the actual ownership of, and interest in, the security. Registration conclusively establishes ownership of a security.

(2) You must provide a last name and a first name for each individual included in the registration of the security.

(3) You must provide the valid taxpayer identification number for each person named in the registration of the security.

(b) *Forms of registration.* The forms of registration available for purchases of securities made through your TreasuryDirect account are single owner, owner with beneficiary, and primary owner with secondary owner, unless the forms of registration available for a security are specifically limited by the subpart governing that security.

(c) *Single owner.* (1) A single owner is the individual named in the registration of a book-entry security or a converted savings bond without a beneficiary, secondary owner, or coowner.

(2) A single owner may add a beneficiary or secondary owner.

(3) A single owner may conduct permitted online transactions on securities held in his or her account.

(4) Upon the death of the single owner, his or her estate is entitled to the security. In determining entitlement, the law of the decedent's domicile will be followed.

(5) Registration example: "John Doe, SSN 123-45-6789."

(d) *Owner with beneficiary.* (1) The purchaser must be named as the owner with another individual as beneficiary.

(2) The owner may remove or change the beneficiary without the consent of the beneficiary.

(3) The owner may conduct permitted online transactions on securities held in his or her account without the consent of the beneficiary.

(4) The beneficiary has no ownership rights to the security during the owner's lifetime. Upon the death of the owner, the security becomes the property of the

surviving beneficiary, despite any attempted testamentary disposition or any applicable local law to the contrary.

(5) If the beneficiary does not survive the owner, the security belongs to the estate of the owner.

(6) If both the owner and the beneficiary die under conditions where it cannot be established, either by presumption of law or otherwise, who died first, the security is the property of the estate of the owner.

(7) In order for the beneficiary to obtain the security or the redemption proceeds after the death of the owner, the beneficiary must provide proof of death of the owner. If the beneficiary has a TreasuryDirect account, the security will be transferred to that account. If the beneficiary does not have an account, he or she may establish an account. Alternatively, a beneficiary named on a savings bond may request redemption. If the beneficiary requests redemption, he or she must provide ACH instructions for the payment.

(8) Registration example: "John Doe, SSN 123-45-6789 POD (payable on death to) Jane Doe, SSN 987-65-4321."

(e) *Primary owner with secondary owner.* (1) The purchaser must be named in the registration as the primary owner with another individual as secondary owner.

(2) The primary owner holds the securities in his or her account and may view or conduct permitted online transactions in the securities.

(3) The primary owner may remove the secondary owner without the consent of the secondary owner.

(4) The secondary owner has no rights to view or conduct transactions in any security unless the primary owner gives the secondary owner these rights.

(5) The primary owner may give the secondary owner the right to view any security or rights to view and conduct transactions in any security online from the account of the secondary owner.

(6) Once the right to conduct transactions in a security has been given to the secondary owner, the primary owner may view and conduct transactions in the security from his or her account, and the secondary owner may view and conduct transactions in the security using his or her own account.

(7) The primary owner may revoke any rights previously given to the secondary owner at any time.

(8) Upon the death of either the primary or secondary owner, the security becomes the property of the survivor, despite any attempted testamentary disposition or any applicable local law to the contrary.

(9) If both the primary and the secondary owner die under conditions where it cannot be established, either by presumption of law or otherwise, who died first, the security is the property of the estate of the primary owner.

(10) In order for the secondary owner to obtain the security or the security proceeds after the death of the primary owner, the secondary owner must provide proof of death of the primary owner. If the secondary owner has a TreasuryDirect account, the security will be transferred to that account. If the secondary owner does not have an account, he or she may establish an account. Alternatively, a secondary owner named on a savings bond may request redemption. If the secondary owner requests redemption, he or she must provide ACH instructions.

(11) Registration example: "John Doe, SSN 123-45-6789 with Joseph Doe, SSN 987-65-4321."

■ 32. Redesignate §§ 363.24 as § 363.21.

■ 33. Add new § 363.22 to read as follows:

§ 363.22 Who has the right to conduct online transactions in book-entry securities?

(a) *Single owner form of registration.*

A single owner can conduct transactions in securities held in his or her TreasuryDirect account.

(b) *Owner with beneficiary form of registration.* The owner can conduct transactions in securities held in his or her TreasuryDirect account. The beneficiary has no rights during the lifetime of the owner and therefore cannot conduct transactions in the securities.

(c) *Primary owner with secondary owner form of registration.* The primary owner can conduct transactions in securities held in his or her TreasuryDirect account. The secondary owner can redeem savings bonds using his or her TreasuryDirect account providing the secondary owner has the right to redeem at the time of the transaction.

(d) *Converted savings bonds.* The rules for transactions governing converted savings bonds are contained in subpart E of this part.

§§ 363.23 and 363.24 [Reserved]

■ 34. Add and reserve new §§ 363.23 and 363.24.

■ 35. Add §§ 363.28 and 363.29 to read as follows:

§ 363.28 Does Public Debt reserve the right to require that any TreasuryDirect transaction be conducted in paper form?

We reserve the right to require any transaction to be conducted in paper

form. Signatures on paper transactions must be certified or guaranteed as provided in § 363.43.

§ 363.29 May Treasury close an account, suspend transactions in an account, or refuse to open an account?

We reserve the right to take any of the following actions if, in our sole discretion, we deem the action to be in the best interests of the United States:

- (a) Refuse to open an account for any person;
- (b) Close any existing account;
- (c) Suspend transactions with respect to an account or any security held in an account; or
- (d) Take any other action with regard to any account that we deem necessary, if not inconsistent with existing law and existing rights.

■ 36. Amend § 363.42 by removing the words “Series I” from the section.

■ 37. Amend § 363.43 by revising paragraph (a)(4)(i) to read as follows:

§ 363.43 What are the procedures for certifying my signature on an offline application for a TreasuryDirect account, or on an offline transaction form?

(a) * * * * *

(4) * * * * *

(i) We require a statement that the person executing the assignment is one whose signature the officer is authorized to certify under our regulations.

* * * * *

■ 38. Add §§ 363.44, 363.45, and 363.46 to read as follows:

§ 363.44 What happens when a TreasuryDirect account owner dies and the estate is entitled to securities held in the account?

(a) *Estate is being administered.* (1) A legal representative of a deceased owner's estate may request payment of securities, if the securities are eligible for payment, to the estate or to the persons entitled, or may request transfer of the securities to the TreasuryDirect account of the persons entitled, if the securities are eligible for transfer.

(2) We will require appropriate proof of appointment for the legal representative of the estate. Letters of appointment must be dated not more than one year prior to the date of submission of the letters of appointment.

(3) The legal representative of the estate may not purchase securities on behalf of the estate.

(4) If payment is requested, we will require ACH instructions to process the request.

(b) *Estate has been settled previously.* If the estate has been settled previously through judicial proceedings, the

persons entitled may request payment of securities, if the securities are eligible for redemption, or may transfer the securities to the TreasuryDirect accounts of the persons entitled, if the securities are eligible for transfer. We will require a certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence. If payment is requested, we will require ACH instructions to process the request.

(c) *Special provisions under the law of the jurisdiction of the decedent's domicile.* If there is no formal or regular administration and no representative of the estate is to be appointed, the person appointed to receive or distribute the assets of a decedent's estate without regular administration under summary or small estates procedures under applicable local law may request payment of securities, if the securities are eligible for redemption, or may transfer the securities to or on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death, if the securities are eligible for transfer. We will require appropriate evidence. If payment is requested, we will require ACH instructions to process the request.

(d) *When administration is required.* If the total redemption value of the Treasury securities and undelivered payments, if any, held directly on our records that are the property of the decedent's estate is greater than \$100,000, administration of the decedent's estate will be required. The redemption value of savings bonds and the principal amount of marketable securities will be used to determine the value of securities, and will be determined as of the date of death. Administration may also be required at the discretion of the Department for any case.

(e) *Voluntary representative for small estates that are not being otherwise administered.* (1) *General.* A voluntary representative is a person qualified according to paragraph (e)(3) of this section, to redeem or transfer a decedent's securities. The voluntary representative procedures are for the convenience of the Department; entitlement to the decedent's securities and held payments, if any, is determined by the law of the jurisdiction in which the decedent was domiciled at the date of death. Voluntary representative procedures may be used only if:

(i) There has been no administration, no administration is contemplated, and no summary or small estate procedures under applicable local law have been used;

(ii) The total redemption value of the Treasury securities and held payments, if any, held directly on our records that are the property of the decedent's estate is \$100,000 or less, as of the date of death, and

(iii) There is a person eligible to serve as the voluntary representative according to paragraph (e)(3) of this section.

(2) *Authority of voluntary representative.* A voluntary representative may:

(i) Redeem the decedent's savings bonds that are eligible for redemption. Payment may be made to the voluntary representative on behalf of or directly to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death;

(ii) Transfer the decedent's securities to the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death.

(3) *Order of precedence for voluntary representative.* An individual eighteen years of age or older may act as a voluntary representative according to the following order of precedence: a surviving spouse; if there is no surviving spouse, then a child of the decedent; if there are none of the above, then a descendant of a deceased child of the decedent; if there are none of the above, then a parent of the decedent; if there are none of the above, then a brother or sister of the decedent; if there are none of the above, then a descendant of a deceased brother or sister of the decedent; if there are none of the above, then a next of kin of the decedent, as determined by the laws of the decedent's domicile at the date of death. As used in this order of precedence, child means a natural or adopted child of the decedent.

(4) *Liability.* By serving, the voluntary representative warrants that the distribution of payments or securities are to or on behalf of the persons entitled by the law of the jurisdiction in which the decedent was domiciled at the date of death. The United States is not liable to any person for the improper distribution of payments or securities. Upon payment or transfer of the securities to the voluntary representative, the United States is released to the same extent as if it had paid or delivered to a representative of the estate appointed pursuant to the law of the jurisdiction in which the decedent was domiciled at the date of death. The voluntary representative shall indemnify and hold harmless the United States and all creditors and persons entitled to the estate of the decedent. The amount of the indemnification is limited to an amount

no greater than the value received by the voluntary representative.

(5) *Creditor*. If there has been no administration, no administration is contemplated, no summary or small estate procedures under applicable local law have been used, and there is no person eligible to serve as a voluntary representative pursuant to paragraph (e) of this section, then a creditor may make a claim for payment of the amount of the debt, providing the debt has not been barred by applicable local law.

§ 363.45 What are the rules for judicial and administrative actions involving securities held in TreasuryDirect?

(a) *Notice of adverse claim or pending judicial proceedings*. We are not subject to and will not accept a notice of an adverse claim or notice of pending judicial proceedings involving a security held in TreasuryDirect.

(b) *Competing claims to a security*. The Department of the Treasury, Public Debt, and the Federal Reserve Banks are not proper defendants in a judicial proceeding involving competing claims to a security held in TreasuryDirect.

(c) *Divorce decree*. We will recognize a divorce decree that either disposes of a security held in TreasuryDirect or ratifies a property settlement agreement disposing of a security that is the property of either of the parties. If the divorce decree does not set out the terms of the property settlement agreement, we will require a certified copy of the agreement.

(d) *Final court order*. We will recognize a final order entered by a court that affects ownership rights in a security held in TreasuryDirect only to the extent that the order is consistent with the provisions of this part. The owner of the security must be a party to the proceedings.

(e) *Levy to satisfy money judgment*. We will honor a transaction request submitted by a person appointed by a court and having authority under an order of a court to dispose of a security held in TreasuryDirect pursuant to a money judgment against the owner of the security, as owner is defined in section 363.6 of this part. In the case of savings bonds, we will only make payment pursuant to the court order to the extent of the money judgment. We will not transfer the savings bonds.

(f) *IRS levy*. We will honor an IRS notice of levy under section 6331 of the Internal Revenue Code with respect to:

- (1) The owner, as owner is defined in section 363.6 of this part; and
- (2) A secondary owner, if the secondary owner has the right to conduct transactions in a security at the

date and time the notice of levy is delivered to Public Debt.

(g) *Trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer*. We will honor a transaction request submitted by a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer, if the original court order is against the owner, as owner is defined in § 363.6 of this part. In the case of savings bonds, we will only make payment. We will not transfer the savings bonds.

(h) *Court order that attempts to defeat or impair survivorship rights*. We will not recognize a court order that attempts to defeat or impair the survivorship rights of a beneficiary, secondary owner, coowner of a converted savings bond, or the registered owner of an undelivered gift security held in TreasuryDirect.

§ 363.46 What evidence is required to establish the validity of judicial proceedings?

(a) We will require certified copies of the final judgment, decree, or court order, and any necessary supplementary proceedings.

(b) A transaction request by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by evidence of appointment and qualification.

(c) A transaction request by a receiver in equity or a similar court officer (other than a receiver of an insolvent's estate) must be supported by a copy of an order that authorizes the receiver or similar court officer to take possession and control of the security.

■ 39. Add §§ 363.47 to read as follows:

§ 363.47 Will Public Debt pay Treasury securities pursuant to a forfeiture proceeding?

(a) *General*. We will honor a judicial or administrative forfeiture order or declaration of forfeiture submitted by a federal agency. We will rely exclusively upon the information provided by the Federal forfeiting agency and will not make any independent evaluation of the validity of the forfeiture order, the request for payment, or the authority of the individual signing the transaction request. The amount to be paid or transferred is limited to the value of the security as of the date of forfeiture.

(b) *Definition of special terms relating to forfeitures*.

Contact point means the individual designated by the Federal investigative agency, United States Attorney's Office, or forfeiting agency, to receive referrals from Public Debt.

Forfeiting agency means the federal law enforcement agency responsible for the forfeiture.

Forfeiture means the process by which property may be forfeited by a federal agency. Administrative forfeiture is forfeiture by a federal agency without judicial proceedings resulting in a declaration of forfeiture; judicial forfeiture is a forfeiture through either a civil or criminal proceeding in a United States District Court resulting in a final judgment and order of forfeiture.

(c) *Procedures for a forfeiting agency to request forfeiture of Treasury securities*. A forfeiting agency must request forfeiture. An individual authorized by the forfeiting agency must sign the transaction request. The request must be mailed to the Department of the Treasury, Bureau of the Public Debt, Parkersburg, WV 26106-7015.

(d) *Public Debt procedures upon receipt of forfeiture request*. Upon receipt and review of the transaction request, we will make payment to the forfeiture fund specified, if the security is eligible for payment, or we will transfer the security pursuant to the transaction request. We will record the forfeiture, the forfeiture fund into which the proceeds were paid or the security transfer records, the contact point, and any related information.

(e) *Inquiries from previous owner*. All inquiries or claims from the previous owner will be referred to the contact point of the forfeiting agency. We will tell the person who inquired that we referred his or her inquiry to the contact point. We will not investigate the inquiry. We will defer to the forfeiting agency's determination of the appropriate course of action, including settlement where appropriate. Any settlement will be paid from the forfeiture fund into which the proceeds were deposited.

§ 363.51 [Removed and reserved]

■ 40. Remove and reserve § 363.51.

■ 41. Amend § 363.54 by revising the heading to read as follows:

§ 363.54 What is the minimum amount of a book-entry savings bond that I must hold in my account?

* * * * *

■ 42. Amend § 363.55 by revising paragraph (a) to read as follows:

§ 363.55 May I transfer my book-entry savings bond to another person?

(a) You may transfer a savings bond or a portion of a savings bond to the TreasuryDirect account of another individual in a minimum amount of \$25. The transfer may only be made as a gift or in response to a final judgment,

court order, divorce decree, or property settlement agreement. You must certify online that the transfer is a gift or a specified exception.

* * * * *

■ 43. Remove the undesignated center heading "Registration", located prior to 363.65.

§§ 363.65–363.69 [Removed and reserved]

■ 44. Remove and reserve §§ 363.65, 363.66, 363.67, 363.68, and 363.69.

■ 45. Amend § 363.83 by revising the heading to read as follows:

§ 363.83 May an account owner transfer a book-entry savings bond to a minor?

* * * * *

■ 46. Remove the undesignated center heading "Deceased Owners," located prior to § 363.90.

§ 363.90 [Removed and reserved]

■ 47. Remove and reserve § 363.90.

■ 48. Amend § 363.95 by revising the heading and the introductory text to read as follows:

§ 363.95 How may I give a book-entry savings bond as a gift?

You may give a book-entry savings bond as a gift in two ways:

* * * * *

■ 49. Amend § 363.97 by revising the heading to read as follows:

§ 363.97 What do I need to know if I transfer a book-entry savings bond to another person as a gift?

* * * * *

■ 50. Remove the undesignated center heading "Transactions," located prior to § 363.105.

§§ 363.105–363.107 [Removed and reserved]

■ 51. Remove and reserve §§ 363.105, 363.106, and 363.107.

■ 52. Remove the undesignated center heading "Judicial and Administrative Proceedings," located prior to § 363.110.

§§ 363.110–363.119 [Removed and reserved]

■ 53. Remove and reserve §§ 363.110 through 363.119.

■ 54. Amend § 363.125 by revising the heading to read as follows:

§ 363.125 How is payment made on a book-entry savings bond?

* * * * *

■ 55. Remove § 363.146.

§§ 363.147–363.149 [Removed and reserved]

■ 56. Remove and reserve §§ 363.147–363.149.

§ 363.150 [Reserved]

■ 57. Redesignate § 363.150 as § 363.146 and reserve § 363.150.

§§ 363.151–363.152 [Removed and reserved]

■ 58. Remove and reserve §§ 363.151 and 363.152.

■ 59. Amend § 363.160 by revising paragraph (a)(4) to read as follows:

§ 363.160 What subparts govern the conversion of definitive savings bonds?

(a) * * *

(4) Converted savings bonds of all series that are held as gift bonds by the person who converted the bonds.

* * * * *

■ 60. Amend § 363.165 by revising the heading and the first sentence of paragraph (b) to read as follows:

§ 363.165 What happens when I convert a savings bond that is registered in my name as the owner, either coowner, or the owner with a beneficiary?

* * * * *

(b) *Savings bond that has reached final maturity.* A savings bond that has reached final maturity and is registered in the name of the Treasury Direct account owner as single owner, either coowner, or owner with beneficiary, will be converted to a book-entry bond and automatically redeemed. * * *

■ 61. Amend § 363.166 by:

■ a. Revising the heading and the first sentence of paragraph (b)(1); and

■ b. Revising the heading and first sentence of paragraph (b)(2), to read as follows:

§ 363.166 What happens when I convert a savings bond that is not registered in my name as owner, either coowner, or owner with beneficiary (including a bond registered in the name of a minor)?

* * * * *

(b) *Savings bond that has reached final maturity.* (1) *General.* A savings bond that has reached final maturity and is registered in the name of someone other than the account owner will be converted to a book-entry bond, released as a gift bond into the account owner's conversion linked account, and automatically redeemed. * * *

(2) *Delivery of bond proceeds to registered owner.* If the gift bond has reached final maturity and has been automatically redeemed, then the Treasury Direct account owner may direct that the held redemption proceeds be delivered to the Treasury Direct account of the registered owner (or minor linked account, if the registered owner is a minor), where we will use the proceeds to purchase a certificate of indebtedness in the name of the registered owner. * * *

§§ 363.172–363.174 [Removed and reserved]

■ 62. Remove and reserve §§ 363.172, 363.173, and 363.174.

§ 363.175 [Removed and reserved]

■ 63. Remove and reserve § 363.175.

§ 363.177 [Removed and reserved]

■ 64. Remove and reserve § 363.177.

§ 363.178 [Removed and reserved]

■ 65. Remove and reserve § 363.178.

Dated: September 26, 2005.

Donald V. Hammond,

Fiscal Assistant Secretary.

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(As of July 2005)

31 CFR Part 363

Regulations Governing
New TreasuryDirect System

31 CFR Ch. II (7–1–05 Edition)

363.7–363.14 [Reserved]

Subpart B—New Treasury Direct System

- 363.15 What is a New Treasury Direct account?
- 363.16 Who is eligible to open a New Treasury Direct account?
- 363.17 How can I open a New Treasury Direct account?
- 363.18 How will you authenticate my identity?
- 363.19 What is the procedure for offline authentication?
- 363.20 How do I access my account?
- 363.21 Who is liable if someone else accesses my New Treasury Direct account using my password?
- 363.22 Is Public Debt liable if the electronic transmission of my data is intercepted?
- 363.23 What should I do if I become aware that my password has become compromised?
- 363.24 What transactions can I perform online through my New Treasury Direct account?
- 363.25 How do I conduct transactions in my account or in Treasury securities held in my account?
- 363.26 What is a transfer?
- 363.27 What do I need to know about accounts for minors who have not had a legal guardian appointed by a court?
- 363.28–363.32 [Reserved]
- 363.33 Can an attorney-in-fact conduct transactions in my New Treasury Direct account?
- 363.34 What happens if an owner becomes incompetent after opening a New Treasury Direct account?
- 363.35 When is a transaction effective?
- 363.36 What securities can I purchase and hold in my New Treasury Direct account?
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- 363.38 What happens if the ACH debit for purchase of a book-entry savings bonds is returned by my financial institution?
- 363.39 Will I receive a confirmation of my request to purchase a Treasury security?
- 363.40 How are payments of principal and interest made?
- 363.41 What happens if an ACH payment is returned to Public Debt?
- 363.42 How will my interest income be reported for tax purposes?
- 363.43 What are the procedures for certifying my signature on an offline application for a New Treasury Direct account, or on an offline transaction form?
- 363.44–363.49 [Reserved]

PART 363—REGULATIONS GOVERNING SECURITIES HELD IN THE NEW TREASURY DIRECT SYSTEM

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- Sec. 363.0 What is the New Treasury Direct system?
- 363.1 What Treasury securities are covered by these regulations?
- 363.2 What agency administers New Treasury Direct?
- 363.3 What Treasury securities may I hold in my New Treasury Direct account?
- 363.4 How is New Treasury Direct different from the Treasury Direct system?
- 363.5 How do I contact Public Debt?
- 363.6 What special terms do I need to know to understand this part?

**Subpart C—Book-Entry Savings Bonds
Purchased Through New Treasury Direct**

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- 363.50 What Treasury securities does this subpart cover?
- 363.51 Who may purchase and hold a book-entry savings bonds?
- 363.52 What amount of book-entry Series EE and I savings bonds may I purchase in one year?
- 363.53 What is the minimum amount of book-entry savings bonds that I may purchase in any transaction?
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- 363.55 May I transfer my book-entry savings bonds to another person?
- 363.56 What is the minimum amount of book-entry savings bonds that I may transfer in any one transaction?
- 363.57 What is the minimum amount of book-entry savings bonds that I may redeem in any one transaction?
- 363.58 May book-entry savings bonds be pledged or used as collateral?
- 363.59–363.64 [Reserved]

REGISTRATION

- 363.65 What do I need to know about the registration of book-entry savings bonds?
- 363.66 What forms of registration are available for book-entry savings bonds?
- 363.67 What do I need to know about the single owner form of registration?
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- 363.69 What do I need to know about the primary owner with secondary owner form of registration?
- 363.70–363.79 [Reserved]

MINORS

- 363.80 May a minor purchase book-entry savings bonds?
- 363.81 May book-entry savings bonds be purchased for a minor as a gift?
- 363.82 May an account owner deliver a book-entry savings bonds purchased as a gift to a minor?
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- 363.91–363.94 [Reserved]

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- 363.95 How may I give a book-entry savings bonds as a gift?
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- 363.98 [Reserved]
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- 363.100–363.104 [Reserved]

TRANSACTIONS

- 363.105 Who has the right to conduct transactions in book-entry savings bonds?
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- 363.107 Does Public Debt reserve the right to require that any transactions be conducted offline?
- 363.108–363.109 [Reserved]

JUDICIAL AND ADMINISTRATIVE PROCEEDINGS

- 363.110 Will Public Debt recognize a court order that attempts to defeat the survivorship rights of a beneficiary, secondary owner, or recipient of an undelivered gift bond?
- 363.111 Will Public Debt accept notice of an adverse claim or notice of pending judicial proceedings involving book-entry savings bonds?
- 363.112 Is Public Debt a proper party in a judicial proceeding involving competing claims to a book-entry savings bonds?
- 363.113 Will Public Debt pay or transfer book-entry savings bonds pursuant to an order in a divorce proceeding?
- 363.114 Will Public Debt recognize a court order?
- 363.115 Will Public Debt pay a savings bonds pursuant to a levy?
- 363.116 Will Public Debt pay a bond to the Internal Revenue Service (IRS) pursuant to a levy?
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- 363.118 What evidence is required to establish the validity of judicial proceedings?
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- 363.120–363.124 [Reserved]

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- 363.125 How is payment made on a book-entry savings bonds?
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Subpart D—Certificate of Indebtedness

- 363.130 What does this subpart cover?

- 363.131 What is a New Treasury Direct certificate of indebtedness?
- 363.132 Can the sale of the certificate of indebtedness be suspended?
- 363.133 What happens to my certificate of indebtedness if the offering is terminated by the Secretary?
- 363.134 What regulations cover a certificate of indebtedness?
- 363.135 In what form is a certificate of indebtedness issued?
- 363.136 Do certificates of indebtedness pay interest?
- 363.137 What do I need to know about the registration of a certificate of indebtedness?
- 363.138 How do I purchase a certificate of indebtedness?
- 363.139 Is Treasury liable for the purchase of a certificate of indebtedness that is made in error?
- 363.140 When is a certificate of indebtedness issued?
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- 363.142 May I redeem my certificate of indebtedness for cash?
- 363.143 What happens if an ACH payment used to purchase a certificate of indebtedness is later reversed?
- 363.144 May I delete a pending transaction involving a certificate of indebtedness?
- 363.145 May I transfer or deliver my certificate of indebtedness?
- 363.146 What happens to a certificate of indebtedness upon the death of the New Treasury Direct account owner?
- 363.147 Does Public Debt reserve the right to require that any transaction in a certificate of indebtedness be conducted offline?
- 363.148 What are the rules for judicial and administrative actions involving a certificate of indebtedness?
- 363.149 What evidence is required to establish the validity of judicial proceedings?
- 363.150 May a certificate of indebtedness be pledged or used as collateral?
- 363.151 Can Treasury suspend transactions in my certificate of indebtedness?
- 363.152 Does Public Debt make any reservations as to issue of certificates of indebtedness?
- 363.164 Is a converted savings bond eligible to be converted back into a definitive bond?
- 363.165 What happens when I convert a savings bond that is registered in my name as the owner, either coowner, or the owner with a beneficiary?
- 363.166 What happens when I convert a savings bond that is not registered in my name as owner, either coowner, or owner with beneficiary (including a bond registered in the name of a minor)?
- 363.167 How will a converted savings bond be registered?
- 363.168 What rules regarding registration apply to a converted savings bond?
- 363.169 What transactions can I conduct in a converted savings bond on which I am registered as the single owner, either coowner, or the owner with a beneficiary?
- 363.170 What transactions can I conduct in a savings bond that I converted on which I am not registered as the owner, either coowner, or owner with beneficiary?
- 363.171 How do I redeem a converted savings bond?
- 363.172 What happens when a New Treasury Direct account owner dies and his or her estate is entitled to a converted savings bond held in the account?
- 363.173 What are the rules for judicial and administrative actions involving a converted savings bond held in New Treasury Direct?
- 363.174 What evidence is required to establish the validity of judicial proceedings involving a converted savings bond?
- 363.175 Will Public Debt pay a converted savings bond pursuant to a forfeiture proceeding?
- 363.176 May a converted savings bond be pledged or used as collateral?
- 363.177 Does Public Debt reserve the right to require that any transaction in a converted savings bond be conducted in paper form?
- 363.178 Does Treasury reserve the right to suspend transactions in a converted savings bond?
- 363.179 Does Public Debt make any reservations as to the conversion of an eligible savings bond?
- 363.180–363.199 [Reserved]

Subpart E—Conversion of a Definitive Savings Bond

- 363.160 What subparts govern the conversion of definitive savings bonds?
- 363.161 What definitive savings bonds are eligible to be converted to book-entry bonds?
- 363.162 Who may convert a definitive savings bond?
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Subpart F—Miscellaneous

- 363.200 May Public Debt waive these regulations?
- 363.201 Can I be required to provide additional evidence to support a transaction?
- 363.202 May Public Debt amend or supplement these regulations?

AUTHORITY: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3102, *et seq.*; 31 U.S.C. 3121, *et seq.*

SOURCE: 67 FR 64286, Oct. 17, 2002, unless otherwise noted.

Subpart A—General

§ 363.0 What is the New Treasury Direct system?

The New Treasury Direct system (New Treasury Direct) is an online account system in which you may hold and conduct transactions in eligible book-entry Treasury securities.

§ 363.1 What Treasury securities are covered by these regulations?

The regulations in this part apply to book-entry Treasury securities held in the New Treasury Direct system.

§ 363.2 What agency administers New Treasury Direct?

The Bureau of the Public Debt (Public Debt), Department of the Treasury (Treasury) is responsible for administering New Treasury Direct. Public Debt may delegate authority to process certain transactions in New Treasury Direct to Federal Reserve Banks and Branches as fiscal agents of the United States.

§ 363.3 What Treasury securities may I hold in my New Treasury Direct account?

You may hold the following securities in your New Treasury Direct account:

- (a) Book-entry Series EE and Series I savings bonds;
- (b) Certificates of indebtedness; and
- (c) Series E, Series EE, and Series I savings bonds originally issued in definitive form that have been converted to book-entry bonds.

[70 FR 14942, Mar. 23, 2005]

§ 363.4 How is New Treasury Direct different from the TreasuryDirect system?

New Treasury Direct is an online (Internet accessible only) system that currently provides for the purchase and holding of book-entry savings bonds and certificates of indebtedness, and the holding of definitive savings bonds that have been converted to book-entry bonds. There is a separate TreasuryDirect system (TreasuryDirect) available since 1986 for purchasing and holding only marketable Treasury securities as book-entry products. The TreasuryDirect

system for marketable securities offers limited online services. The terms and conditions for the TreasuryDirect system for marketable securities are found at 31 CFR part 357.

[70 FR 14942, Mar. 23, 2005]

§ 363.5 How do I contact Public Debt?

(a) Emails may be sent to: *treasury.direct@bpd.treas.gov*. We will reply by e-mail unless you request otherwise. We are not responsible for the security of e-mail messages you may send to us, or replies we may send to you.

(b) Letters should be addressed to: Bureau of the Public Debt, New Treasury Direct, Parkersburg, WV 26106-1328.

§ 363.6 What special terms do I need to know to understand this part?

Account means a New Treasury Direct account as described in § 363.15.

Authentication service means a public or private service that authenticates the identity of an online applicant for a New Treasury Direct account using information provided by the applicant.

Automated Clearing House (ACH) means a funds transfer system governed by the Rules of the National Automated Clearing House Association (NACHA). NACHA provides for the interbank clearing of electronic entries for participating financial institutions.

Beneficiary refers to the second individual named in the registration of a definitive savings bond, a converted definitive savings bond, or a book-entry security purchased through the New Treasury Direct system, registered, e.g., “John Doe SSN 123-45-6789 POD (payable on death to) Joseph Doe SSN 987-65-4321.”

Book-entry security means a Treasury security maintained by us in electronic or paperless form as a computer record.

Business day means any day that funds may be settled through ACH.

Certificate of Indebtedness (certificate of indebtedness) is a one-day security held within your primary or linked account, including a minor account for which you are the custodian, that automatically matures and is rolled over each day until you request that it be redeemed.

Court means a court of law with jurisdiction over the parties and the subject matter.

Conversion account means a linked account in New Treasury Direct that contains only savings bonds that have been converted from definitive bonds to book-entry bonds.

Converted savings bond means a savings bond originally issued as a definitive bond that has been surrendered to us and converted to a book-entry savings bond to be maintained by Treasury solely as a computer record.

Converting coowner is the coowner who initiates and completes the transaction to convert a definitive savings bond to a book-entry bond through his or her New Treasury Direct account.

Coowner means either of the persons named in the registration of a definitive or a converted definitive savings bond, registered, e.g., “John Doe SSN 123-45-6789 or Joseph Doe.”

Custodian of a minor account means a person who opens an account on behalf of the minor. (See § 363.27 for more information about minor accounts.)

Custom account means an account that you establish for a specific purpose that is linked to your primary account. You use your primary account as the portal to open and access your custom linked account. (See § 363.15 for more information about custom accounts.)

Definitive security means a Treasury security held in paper form.

De-link means the online process by which all securities contained within the minor linked account are moved to the minor’s primary New Treasury Direct account and the linked account is deactivated.

Delivery means moving a minimum amount of \$25 (consisting of principal and proportionate interest) of a security held as a gift from the account of the purchaser to the account of the recipient.

Depository financial institution means an entity described in 12 U.S.C. 461 (b)(1)(A)(i)–(vi).

Federal Reserve Bank (Reserve Bank) means a Federal Reserve Bank or Branch.

Final maturity of a savings bonds means the date beyond which an

unredeemed savings bonds no longer earns interest.¹

Gift means a Treasury security purchased for or transferred to an intended recipient, without consideration.

Individual means a natural person. Individual does not mean an organization, representative, or fiduciary.

Interest on a savings bond means the difference between the purchase price and the redemption value of the bond.

Legal guardian of a minor or incompetent person refers to the court-appointed or otherwise qualified person, regardless of title, who is legally authorized to act for the minor or incompetent individual.

Legal representative refers to the court-appointed or otherwise qualified person, regardless of title, who is legally authorized to manage and settle the estate of a decedent. The term includes an executor and an administrator.

Legally incompetent means a court has declared an individual to be incapable of handling his or her business affairs.

Linked account means an account that is a separate account from your primary account, but connected to your primary account. You use your primary account as a portal to open and access the linked account. (See § 363.15 for more information about linked accounts.)

Minor means an individual under the age of 18 years. The term minor is also used to refer to an individual who has attained the age of 18 years but has not yet taken control of the securities contained in his or her minor account.

Minor linked account means an account that you control on behalf of a minor. You use your primary account as the portal to open and access the minor linked account. (See §§ 363.15 and 363.27 for more information about minor accounts.)

Non-converting coowner is the coowner who does not participate in the transaction to convert a definitive savings bond to a book-entry bond.

Online means use of the Internet.

¹ Series I savings bonds have a maturity period of 30 years, consisting of an original maturity period of 20 years and an extension period of 10 years.

Owner is either a single owner, the first person named in the registration of a security held in the owner with beneficiary form of registration, the primary owner of a security held in the primary owner with secondary owner form of registration, or either coowner of a converted savings bond.

Person means an entity including an individual, trust, estate, corporation, government entity, association, partnership, and any other similar organization. *Person* does not mean a Federal Reserve Bank.

Primary account means the account that you establish when you first open your New Treasury Direct account; your primary account is the portal used to open and access all your linked accounts. (See § 363.15 for more information about primary accounts.)

Primary owner means the first person named in the registration of a security held in New Treasury Direct registered, e.g., "John Doe SSN 123-45-6789 with Joseph Doe SSN 987-65-4321." In this example, John Doe is the primary owner.

Principal amount means the amount of the original investment. Principal amount does not include any interest earned.

Recipient means the person to whom a gift is given.

Redemption of a savings bond refers to the payment of principal and interest at final maturity, or prior to final maturity at the option of the owner. The owner may redeem all principal and interest or a portion of the principal and the proportionate amount of interest.

Redemption value means principal plus accrued interest of a bond, or a portion of the principal plus a proportionate amount of accrued interest on the bond, as of the date of redemption.

Registration or *Registered* means that the name and taxpayer identification number(s) (TIN) of the person(s) named on the security are maintained on our records.

Secondary owner means the second person named in the registration of a book-entry security held in New Treasury Direct registered, e.g., "John Doe SSN 123-45-6789 with Joseph Doe SSN 987-65-4321." In this example, Joseph Doe is the secondary owner.

Security, or *Treasury security*, as used in this part, means an obligation issued by Treasury that may be held in New Treasury Direct.

Series EE savings bond is an accrual-type savings bond, issued either in definitive (paper) form or in book-entry form, that accrues interest on the principal based on rates determined by Treasury.

Series I savings bond is a savings bond, issued either in definitive (paper) form or in book-entry form, that accrues interest in accordance with a formula that includes a fixed component and a component indexed to the rate of inflation.

Signature guarantee program means a signature guarantee program established under 17 CFR 240.17Ad-15, issued under authority of the Securities Exchange Act of 1934. For the purpose of this part, we recognize the Securities Transfer Agents Medallion Program (STAMP), the Stock Exchanges Medallion Program (SEMP), and the New York Stock Exchange, Inc., Medallion Signature Program (MSP). These certifications are acceptable for transfers of securities, but are not acceptable for offline account establishment.

Single owner means the individual named in the registration of a book-entry Treasury security or a converted savings bond without a beneficiary, secondary owner, or coowner.

Social security account number or *social security number (SSN)* means the identifying number required on tax returns and other documents submitted to the Internal Revenue Service by an individual. A SSN is composed of nine digits separated by two hyphens, for example, 123-45-6789.

Taxpayer identification number (TIN) means the identifying number required on tax returns and other documents submitted to the Internal Revenue Service; that is, an individual's social security number (SSN) or an employer identification number (EIN). A SSN is composed of nine digits separated by two hyphens, for example, 123-45-6789. An EIN is composed of nine digits separated by one hyphen, for example, 12-3456789. The hyphens are an essential part of the numbers.

Transaction is any action affecting Treasury securities or account information.

Transfer means moving a minimum amount of \$25 (consisting of principal and proportionate interest) of a security from one New Treasury Direct account to another. The transfer of a specific security may be restricted by the terms of this part that apply to that security.

We, us, or our refers to the Bureau of the Public Debt. The term includes the Secretary of the Treasury and the Secretary's delegates at the Treasury Department and Bureau of the Public Debt. The term also includes any fiscal or financial agent we designate to act on behalf of the United States.

You or your refers to a New Treasury Direct primary account holder.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003; 69 FR 2507, Jan. 16, 2004; 69 FR 50308, Aug. 16, 2004; 70 FR 14942, Mar. 23, 2005]

§§ 363.7–363.14 [Reserved]

Subpart B—New Treasury Direct System

§ 363.15 What is a New Treasury Direct account?

A New Treasury Direct account is an online account maintained by us solely in your name in which you may hold and conduct transactions in eligible book-entry Treasury securities.

(a) *Primary Account.* Your primary account that you establish when initially opening your New Treasury Direct account may contain the following Treasury securities:

(1) Treasury securities purchased initially as book-entry securities that are your personal holdings, in sole owner, owner with beneficiary, and primary owner with secondary owner forms of registration;

(2) Gifts that have not yet been delivered; and

(3) Converted savings bonds that you have transferred from your conversion linked account.

(b) *Linked account.* A linked account is an account that is a separate account from your primary account, but that is connected to your primary account. You use your primary account

as a portal to open and access the linked account. Linked accounts include the following:

(1) *Custom account.* A custom account is an account that is linked to your primary account. You use your primary account as the portal to open and access your custom account. You may informally designate a purpose for the custom account, for example, "vacation fund", or "Johnny's college fund". However, the designation as to purpose has no legal effect; the registration of the securities held in the custom account determines ownership (Annual purchase limitations include securities held in custom accounts). You may use your custom account to buy, redeem and transfer securities that you own in sole owner, owner with beneficiary, and primary owner with secondary owner forms of registration. You may also buy and deliver gift securities from your custom account.

(2) *Minor account.* A minor account is an account established by a custodian for a person who has not yet reached the age of 18 years. A minor account is linked to the custodian's primary account. The minor is the owner of the securities, but the custodian controls the account on behalf of the minor. (See § 363.27 for more information about minor accounts.)

(3) *Conversion account* means a linked account in New Treasury Direct that contains only savings bonds that have been converted from definitive bonds to book-entry bonds.

[69 FR 2507, Jan. 16, 2004, as amended at 70 FR 14943, Mar. 23, 2005]

§ 363.16 Who is eligible to open a New Treasury Direct account?

In order to open a New Treasury Direct account, you must:

(a) Have a valid social security number;

(b) Have a United States address of record;

(c) Have an account at a United States depository financial institution that will accept debits and credits using the Automated Clearing House method of payment;

(d) Be 18 years of age or over;

(e) Be legally competent; and

(f) Be an individual.

§ 363.17 How can I open a New Treasury Direct account?

You must establish a New Treasury Direct account online before you purchase a Treasury security to be held in your account. Instructions for online account establishment may be found at the official Public Debt website at <http://www.publicdebt.treas.gov>, or such other Internet address as Public Debt may from time to time announce by publication in the FEDERAL REGISTER. When you have completed the application, you will create a password to access your account. We will authenticate your identity and send your account number to you by email when your account application is approved.

§ 363.18 How will you authenticate my identity?

We may use an online authentication service to authenticate your identity using information you provide about yourself on the application. At our option, we may require offline authentication.

§ 363.19 What is the procedure for offline authentication?

In the event we require offline authentication, we will provide a printable authentication form. Your signature on the form must be certified or guaranteed as provided at § 363.43, and the form must be mailed to us at the address provided in § 363.5.

§ 363.20 How do I access my account?

You may access your account online using your account number and password.

§ 363.21 Who is liable if someone else accesses my New Treasury Direct account using my password?

You are solely responsible for the confidentiality and use of your password. We will treat any transactions conducted using your password as having been authorized by you. We are not liable for any loss, liability, cost or expense that you may incur as a result of transactions made using your password.

§ 363.22 Is Public Debt liable if the electronic transmission of my data is intercepted?

We are not liable for any interception of electronic data or communication.

§ 363.23 What should I do if I become aware that my password has become compromised?

You should change your password immediately if you become aware that your password has become compromised. If you become aware of any misuse of your password, you should notify us by email at treasury.direct@bpd.treas.gov or call us at 304-480-8783.

§ 363.24 What transactions can I perform online through my New Treasury Direct account?

The following transactions are by way of illustration only, and are not intended to limit transactions that may be added to the system:

- (a) You can purchase, redeem, transfer, and change the registration of eligible securities held in your account;
- (b) You can grant and revoke the right to view an eligible security to any other New Treasury Direct account owner;
- (c) You can grant and revoke the right to redeem an eligible security on which you are the primary owner to the secondary owner, if the secondary owner is a New Treasury Direct account owner;
- (d) You can view or redeem eligible securities through your New Treasury Direct account on which you are the secondary owner, if the primary owner has granted those rights to you;
- (e) You can deliver gift securities to the New Treasury Direct account of another person;
- (f) You can make changes to your account information, including ACH information, password changes, and account security information;
- (g) You can view a history of purchases, transactions, changes to account information, and pending transactions;
- (h) You can schedule future transactions, and change or delete pending transactions;

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(i) You can open and access any linked accounts using your primary account as a portal; and

(j) You can convert eligible definitive savings bonds to book-entry bonds.

[70 FR 14943, Mar. 23, 2005]

§ 363.25 How do I conduct transactions in my account or in Treasury securities held in my account?

We will provide online instructions for conducting transactions through your account. If you are unable to conduct a transaction online, you should contact us at the address provided in § 363.5. Offline transactions will require a certified or guaranteed signature. See § 363.43 for instructions for obtaining a certified or guaranteed signature.

§ 363.26 What is a transfer?

(a) A transfer is a transaction to move a minimum amount of \$25 (consisting of principal and proportionate interest) of a Treasury security from one New Treasury Direct account to another New Treasury Direct account, in which the ownership of the security changes.

(b) Transfers of a specific type of security may be limited by the subparts that refer to that security.

§ 363.27 What do I need to know about accounts for minors who have not had a legal guardian appointed by a court?

(a) *Opening an account in the name of a minor.* (1) A parent or a person who provides the chief financial support of a minor may open an account for a minor. The person opening the account for a minor is referred to as the custodian of the minor's account.

(2) The custodian is a fiduciary for the minor as to the securities held in the minor's account.

(3) The custodian must have an existing primary New Treasury Direct account in order to open the minor's account.

(i) The minor's account is an account that is linked to the custodian's primary account.

(ii) The custodian must use his or her primary New Treasury Direct account as a portal to open and access the minor's account.

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(4) Securities contained in the minor's account will be registered in the name and SSN of the minor, in either sole owner, owner with beneficiary, or primary owner with secondary owner forms of registration.

(b) *Procedure for opening an account for a minor.* (1) Online instructions will be provided for establishing an account for a minor.

(2) The custodian must certify that all transactions conducted through the account will be on the minor's behalf.

(c) *Procedure for conducting transactions in the minor's account.* The custodian must conduct all transactions in the minor's account on behalf of the minor. Access to the minor's account is through the custodian's primary account.

(d) *Transactions permitted in the minor's account.* (1) The custodian may purchase securities for and on behalf of the minor through the minor's account.

(2) The custodian may redeem securities on behalf of the minor through the minor's account. We will report the interest earned on the security to the name and SSN of the minor.

(3) The custodian may not purchase gift securities from the minor's account.

(4) The custodian may not transfer securities from the minor's account if the transfer will result in a change of ownership in the security.

(5) Securities may be transferred to the minor's account.

(6) Gift securities may be delivered to the minor's account.

(7) The custodian may grant the right to view securities in the minor's account to another New Treasury Direct account holder, and may grant the right to redeem securities in the minor's account to a secondary owner, if any, named on the securities held in the minor's account.

(8) The custodian may purchase a certificate of indebtedness on behalf of the minor. The certificate of indebtedness is the property of the minor.

(e) *When the minor reaches the age of 18 years.* (1) The only transactions that the custodian may make in the minor's account after the minor attains the age

of 18 years are to purchase new securities, and to transfer the securities contained in the minor's account to another account in the name and SSN of the minor. The receiving account in the name and SSN of the minor may be a primary account established by the minor, or it may be another minor linked account with the same or a different custodian. The custodian may transfer one or more of the securities at a time, or the custodian may de-link the account and transfer all of the securities contained in the account to the minor's previously established primary New Treasury Direct account. The minor must establish his or her own primary New Treasury Direct account prior to transfer of his or her securities.

(2) In order to gain control of the securities held in the minor's account, the minor must first open his or her own primary account.

(3) The minor may gain control of the securities held in the minor's account by the custodian transferring the securities held in the minor's account to the minor's primary account, or the minor may request that Public Debt transfer the securities to his or her primary account.

(4) The minor may gain control of his or her certificate of indebtedness by the custodian de-linking the account and transferring the certificate of indebtedness to the minor's primary account, or the minor may request that Public Debt de-link the account and transfer the certificate of indebtedness to his or her primary account.

(f) *Liability.* We rely on the certification of the custodian that he or she is acting on behalf of the minor. We are not liable to the minor, or any other person or party acting on behalf of the minor, for the actions of the custodian, nor are we liable for the application of any proceeds from the transfer or redemption of securities held in the minor's account. The custodian agrees to indemnify and hold harmless the United States in the event that we suffer any loss on account of any claim relating to a minor account.

[69 FR 2507, Jan. 16, 2004, as amended at 69 FR 50309, Aug. 16, 2004]

§§ 363.28–363.32 [Reserved]

§ 363.33 Can an attorney-in-fact conduct transactions in my New Treasury Direct account?

(a) An attorney-in-fact who provides a copy of a durable power of attorney granting him or her the authority to conduct New Treasury Direct transactions on behalf of the owner may conduct transactions online.

(b) An attorney-in-fact who provides a copy of a limited power of attorney may only conduct transactions that he or she is permitted by his or her power. Such transactions will be through an offline process.

(c) A written copy of the power of attorney must be sent to the address provided in § 363.5. We may require any additional evidence that we consider necessary to support the power.

§ 363.34 What happens if an owner becomes incompetent after opening a New Treasury Direct account?

If we receive notice that the owner of a New Treasury Direct account has become incompetent, we will suspend all transactions in the account until we establish the authority of another person to act in his or her behalf.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.35 When is a transaction effective?

A transaction is effective when we post it to our records.

§ 363.36 What securities can I purchase and hold in my New Treasury Direct account?

(a) You can purchase and hold eligible Treasury securities in your account. Eligible securities are Series EE and Series I savings bonds and certificates of indebtedness.

(b) You can hold converted savings bonds in your account.

[70 FR 14943, Mar. 23, 2005]

§ 363.37 How do I purchase eligible Treasury securities to be held in my New Treasury Direct account?

Eligible Treasury securities may only be purchased online through your New Treasury Direct account. Payment for eligible securities other than

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certificates of indebtedness is made by a debit to your designated account at a United States depository financial institution using the ACH method, or using the redemption proceeds of your certificate of indebtedness.

[69 FR 50309, Aug. 16, 2004]

§ 363.38 What happens if my financial institution returns an ACH debit?

If your designated financial institution returns an ACH debit, we reserve the right to reinstate the debit at our option. We also reserve the right to reverse the transaction, thereby removing the security from your New Treasury Direct account. We are not responsible for any fees your financial institution may charge relating to returned ACH debits.

[69 FR 50309, Aug. 16, 2004]

§ 363.39 Will I receive a confirmation of my request to purchase a Treasury security?

At the time that you submit a request to purchase a Treasury security through your New Treasury Direct account, we will make available a printable online confirmation of your request. Final confirmation will occur when the security is issued into your account. You will not receive a mailed confirmation.

§ 363.40 How are payments of principal and interest made?

(a) *Matured security.* We will purchase a certificate of indebtedness in your name using the proceeds of a matured security. The certificate of indebtedness will be placed in your account.

(b) *Savings bond that is redeemed prior to final maturity.* (1) *Payment.* When you redeem a savings bond and request payment of the proceeds, you must select a specific bank account at a United States depository financial institution for the receipt of your payment. This selected bank account may be the same one that you designated as your primary bank account in your New Treasury Direct account or it may be a different bank account. We will make the payment using the ACH method.

(2) *Purchase of a certificate of indebtedness.* You may elect to purchase a cer-

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tificate of indebtedness in your name using your redemption proceeds.

[70 FR 14943, Mar. 23, 2005]

§ 363.41 What happens if an ACH payment is returned to Public Debt?

We will notify you electronically of the returned payment. We will hold your payment until you provide us with instructions. Returned payments will not earn interest. We reserve the right to redirect a returned payment to the bank account at a financial institution that you have designated in your New Treasury Direct account as your primary bank account, if that account is different from the one that returned the payment to us. We are not responsible for any fees your financial institution may charge relating to returned ACH payments.

[69 FR 50308, Aug. 16, 2004]

§ 363.42 How will my interest income be reported for tax purposes?

When you open your New Treasury Direct account, you consent to receive the appropriate tax reporting forms by electronic means. We will notify you when your tax reporting forms are available. The form will be available in printable form through your New Treasury Direct account. If you withdraw your consent to receive tax reporting forms by electronic means, we reserve the right to redeem any Series I savings bonds held in your account and close your account.

§ 363.43 What are the procedures for certifying my signature on an offline application for a New Treasury Direct account, or on an offline transaction form?

(a) *Certification within the United States.* For certifications within the United States, the certifying individual must be authorized to bind his or her institution by his or her acts, to guarantee signatures to assignments of securities, or to certify assignments of securities. The following table provides a list of authorized certifying individuals and the required evidence of authority. Members of Treasury-recognized signature guarantee programs are for security transfers only.

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Who can certify signatures in the U.S.	Evidence of certifying individual's authority
(1) Officers and employees of depository institutions	(i) We require the institution's seal or signature guarantee stamp. (ii) If the institution is an authorized paying agent for U.S. Savings Bonds, we require a legible imprint of the paying agent's stamp.
(2) Institutions that are members of Treasury—recognized signature guarantee programs (for security transfers only).	We require the imprint of the signature guarantee stamp, i.e., the STAMP, SEMP, or MSP stamp for members of the Securities Transfer Agents Medallion Program, the Stock Exchanges Medallion Program, or the New York Stock Exchange Inc. Medallion Signature Program.
(3) Officers and employees of corporate central credit unions, Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives, the Central Bank for Cooperatives, and Federal Home Loan Banks.	We require the entity's seal.
(4) Commissioned or warrant officers of the United States Armed Forces, for signatures executed by Armed Forces personnel, civilian field employees, and members of their families.	(i) We require a statement that the person executing the assignment is one whose signature the officer is authorized to certify under our regulations. (ii) The certifying official's rank must be shown.
(5) A judge or clerk of the court	We require the seal of the court.
(6) Other persons as designated by the Commissioner or Deputy Commissioner of Public Debt.	Evidence is determined by our procedures.

(b) *Certification within foreign countries.* The following table lists the authorized certifying individuals for for-

eign countries and the required evidence of the individual's authority.

Who can certify signatures in foreign countries	Evidence of certifying individual's authority
(1) United States diplomatic or consular officials	(i) We require the seal or stamp of the office. (ii) If there is no seal or stamp, then we require certification by some other authorized individual, under seal or stamp.
(2) Managers and officers of foreign branches of U.S. depository institutions and institutions that are members of Treasury-recognized signature guarantee programs (for security transfers only).	We require the seal of the depository institution, or the imprint of the signature guarantee stamp, i.e., the STAMP, SEMP, or MSP stamp for members of the Securities Transfer Agents Medallion Program, the Stock Exchanges Medallion Program, or the New York Stock Exchange Incorporated Medallion Signature Program.
(3) Notaries Public and other officers authorized to administer oaths, provided their authority is certified by a United States diplomatic or consular official.	(i) We require the official seal or stamp of the office. (ii) If there is no seal or stamp, the position must be certified by some other authorized individual, under seal or stamp, or otherwise proved to our satisfaction.

(c) *Duties and liabilities of certifying individuals.*

(1) The certifying individual must first establish the identity of the signer.

(2) The form must be signed in the presence of the certifying individual.

(3) If the certifying individual is not an officer, the certifying individual must insert the words "Authorized Signature" in the space provided for the title.

(4) If the certifying individual is negligent in making the certification, the certifying individual and his or her organization are jointly and severally liable for any loss the United States may incur as a result of the negligence.

(d) *Guaranteed signatures.* (1) A security or other form requiring certification need not be executed in the

presence of a certifying individual if the signature is unconditionally guaranteed by the certifying individual. To guarantee a signature, the certifying individual must add a dated endorsement after the signature. For example:

Signature guaranteed, First National Bank of Smithville, Smithville, NH, by A. B. Doe, President, dated 1/1/2001.

(2) The certifying individual and his or her organization unconditionally guarantee to us that the signature is genuine and the signer had the legal capacity to execute the assignment or related form.

(e) *Guaranteed absence of a signature.*

(1) A form requiring a certified signature need not be signed when a certifying individual associated with a depository financial institution places

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the following endorsement on the security or the form:

Absence of signature by owner and validity of transaction guaranteed, Second State Bank of Jonesville, Jonesville, NC, by B. R. Butler, Vice President, dated 11/1/2001.

(2) The endorsement must be dated and the seal of the institution must be added.

(3) This form of endorsement is an unconditional guarantee to us that the institution is acting for the signer under proper authorization.

(f) *Persons who cannot act as certifying individuals.* Any person having an interest in a security involved in the transaction cannot act as a certifying individual. However, an authorized officer or employee of a depository financial institution that is a member of a Treasury-recognized signature guarantee program can act as a certifying individual for transfer of a security to the institution or on behalf of the institution.

§§ 363.44–363.49 [Reserved]

Subpart C—Book-Entry Savings Bonds Purchased Through New Treasury Direct

GENERAL

§ 363.50 What Treasury securities does this subpart govern?

This subpart governs:

(a) Series EE and Series I book-entry savings bonds that were originally issued as book-entry bonds through New Treasury Direct; and

(b) Converted savings bonds that are registered in:

(1) The single owner form of registration of any series,

(2) The owner with beneficiary form of registration of Series EE and Series I savings bonds,

(3) The owner with beneficiary form of registration of Series E savings bonds in which the beneficiary has consented to a change in the registration of the bond after conversion, and

(4) The coowner form of registration of any series in which the non-converting coowner has consented to a

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change in the registration of the bond after conversion.

[70 FR 14943, Mar. 23, 2005]

§ 363.51 Who may purchase and hold a book-entry savings bonds?

(a) A New Treasury Direct account holder may purchase and hold bonds through his or her account.

(b) We do not permit a legally incompetent person to purchase savings bonds once we have been provided with an acceptable court order determining incompetency.

(c) We do not permit a legal representative or a legal guardian to purchase savings bonds on behalf of the estate of a decedent or an incompetent person.

[67 FR 64286, Oct. 17, 2002, as amended at 69 FR 2508, Jan. 16, 2004]

§ 363.52 What amount of book-entry Series EE and I savings bonds may I purchase in one year?

(a) *Purchase limitation.* The amount of bonds that you may purchase in any calendar year is limited to \$30,000 for Series EE savings bonds, and \$30,000 for Series I savings bonds.

(b) *Computation of amount for gifts.* Bonds purchased or transferred as gifts will be included in the computation of the purchase limitation for the account of the recipient for the year in which the bonds are delivered to the recipient.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.53 What is the minimum amount of book-entry savings bonds that I may purchase in any transaction?

Each bond purchase must be in a minimum amount of \$25, with additional one-cent increments above that amount, in any one transaction. For example, a purchase may be \$25.00, \$25.01, \$25.02, or \$25.03, and so forth.

§ 363.54 What is the minimum amount of a book-entry savings bonds that I must hold in my account?

Each bond held in your account must have a redemption value of at least \$25. If you request a transaction that would reduce the remaining redemption value of the bond to an amount less than \$25,

we will not permit the transaction to occur.

§ 363.55 May I transfer my book-entry savings bonds to another person?

(a) You may transfer a bond or a portion of a bond to the New Treasury Direct account of another individual as a gift, or in response to a final judgment, court order, a divorce decree, or property settlement agreement. You must certify online that the transfer is a gift or a specified exception.

(b) We do not permit the transfer of savings bonds for consideration, unless it is an exception specified in paragraph (a) of this section.

(c) The bond will be transferred in the single owner form of registration.

(d) We reserve the right to limit the transferability of savings bonds at any time by amendment to these regulations.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.56 What is the minimum amount of book-entry savings bonds that I may transfer in any one transaction?

Each transfer must be in a minimum amount of \$25 redemption value, with additional one-cent increments above that amount, in any one transaction. For example, you may transfer \$25.00, \$25.01, \$25.02, or \$25.03, and so forth. Transfers will be comprised of principal and proportionate interest.

§ 363.57 What is the minimum amount of book-entry savings bonds that I may redeem in any one transaction?

Each redemption must be in a minimum amount of \$25 redemption value, with additional one-cent increments above that amount, in any one transaction. For example, you may redeem \$25.00, \$25.01, \$25.02, or \$25.03, and so forth. Redemptions will be comprised of principal and proportionate interest.

§ 363.58 May book-entry savings bonds be pledged or used as collateral?

Bonds may not be pledged or used as collateral for the performance of an obligation.

§§ 363.59–363.64 [Reserved]

REGISTRATION

§ 363.65 What do I need to know about the registration of book-entry savings bonds?

(a) Registration must express the actual ownership of, and interest in, the bond. Registration conclusively establishes ownership of a bond.

(b) You must provide a last name and a first name for each individual included in the registration.

(c) You must provide the valid social security number of the owner of the bond.

§ 363.66 What forms of registration are available for book-entry savings bonds?

The forms of registration available are single owner, owner with beneficiary, and primary owner with secondary owner.

[69 FR 2508, Jan. 16, 2004]

§ 363.67 What do I need to know about the single owner form of registration?

(a) An individual is the single owner of the bond.

(b) A single owner may add a beneficiary or secondary owner.

(c) A single owner may conduct online transactions on bonds held in his or her account.

(d) Upon the death of the single owner, his or her estate is entitled to the bond. In determining entitlement, the law of the decedent's domicile will be followed.

(e) Registration example: "John Doe, SSN 123-45-6789."

§ 363.68 What do I need to know about the owner with beneficiary form of registration?

(a) The purchaser must be named as the owner with another individual as beneficiary.

(b) The owner may remove or change the beneficiary without the consent of the beneficiary.

(c) The owner may conduct online transactions on bonds held in his or her account without the consent of the beneficiary.

(d) The beneficiary has no ownership rights to the bond during the owner's lifetime. Upon the death of the owner, the beneficiary is the absolute owner of the bond, despite any attempted testamentary disposition by the owner or any state law to the contrary.

(e) If the beneficiary does not survive the owner, the bond belongs to the estate of the owner.

(f) If both the owner and the beneficiary die under conditions where it cannot be established, either by presumption of law or otherwise, which one died first, the bond is the property of the estate of the owner.

(g) In order for the beneficiary to obtain the bond or the bond proceeds after the death of the owner, the beneficiary must provide proof of death of the owner. If the beneficiary has a New Treasury Direct account, the bond will be transferred to that account. If the beneficiary does not have an account, he or she may establish an account or request redemption. If the beneficiary requests redemption, he or she must provide ACH instructions for the payment.

(h) Registration example: "John Doe, SSN 123-45-6789 POD (payable on death to) Jane Doe, SSN 987-65-4321."

§ 363.69 What do I need to know about the primary owner with secondary owner form of registration?

(a) The purchaser must be named in the registration as the primary owner.

(b) The primary owner holds the bonds in his or her account and may view or conduct online transactions in the bonds.

(c) The primary owner may remove the secondary owner without the consent of the secondary owner.

(d) The secondary owner has no rights to view or conduct transactions in any bond unless the primary owner gives the secondary owner these rights.

(e) The primary owner may give the secondary owner the right to view any bond or rights to view and redeem any bond, online from the account of the secondary owner.

(f) Once the right to conduct transactions in a bond has been given to the secondary owner, the primary owner may view and conduct transactions in the bond from his or her account, and

the secondary owner may view and redeem the bond using his or her own account.

(g) The primary owner may revoke any rights previously given to the secondary owner at any time.

(h) Upon the death of either the primary or secondary owner, the survivor is the absolute owner of the bond, despite any attempted testamentary disposition or any state law to the contrary.

(i) If both the primary and the secondary owner die under conditions where it cannot be established, either by presumption of law or otherwise, which one died first, the bond is the property of the estate of the primary owner.

(j) In order for the secondary owner to obtain the bond or the bond proceeds after the death of the owner, the secondary owner must provide proof of death of the owner. If the secondary owner has a New Treasury Direct account, the bond will be transferred to that account. If the secondary owner does not have an account, he or she may establish an account or request redemption. If the secondary owner requests redemption, he or she must provide ACH instructions.

(k) Registration example: "John Doe, SSN 123-45-6789 with Joseph Doe, SSN 987-65-4321."

§§ 363.70–363.79 [Reserved]

MINORS

§ 363.80 May a minor purchase book-entry savings bonds?

We do not permit a minor to purchase bonds.

§ 363.81 May book-entry savings bonds be purchased for a minor as a gift?

A New Treasury Direct account owner may purchase bonds as a gift with a minor as the recipient.

§ 363.82 May an account owner deliver a book-entry savings bond purchased as a gift to a minor?

An account owner may deliver a bond purchased as a gift to a minor. The account owner must deliver the security

to the minor's linked account. Once delivered, the bond will be under the control of the custodian of the minor's account. (See § 363.27.)

[69 FR 2508, Jan. 16, 2004]

§ 363.83 May an account owner transfer a book-entry savings bonds to a minor?

An account owner may transfer a bond to a minor as a gift or pursuant to one of the specified exceptions in § 363.55(a).

§§ 363.84–363.89 [Reserved]

DECEASED OWNERS

§ 363.90 What happens when a New Treasury Direct account owner dies and his or her estate is entitled to savings bonds held in the account?

(a) *Estate is being administered.* (1) We will require appropriate proof of appointment for the legal representative of the estate. Letters of appointment must be dated within six months of the submission, unless the appointment was made within one year before submission.

(2) The bonds will be registered in the following form: "John Doe, SSN 123-45-6789, Legal Representative of the estate of James Doe, deceased, SSN 987-65-4321."

(3) The legal representative of the estate may request payment of bonds to the estate or to the person(s) entitled, or may have the bonds transferred to the New Treasury Direct account(s) of the person(s) entitled.

(4) The legal representative of the estate may not purchase bonds on behalf of the estate.

(5) If payment is requested, we will require ACH instructions.

(6) If the value of the New Treasury Direct account greater than \$100,000, we will require probate.

(b) *Estate has been settled previously.* If the estate has been previously settled through judicial proceedings, the person(s) entitled may request payment of bonds or may have the bonds transferred to the New Treasury Direct account of the person(s) entitled. If payment is requested, we will require ACH instructions. We will require a certified copy of the court-approved final accounting for the estate, the court's de-

cree of distribution, or other appropriate evidence.

(c) *Summary administration procedures.* If there is no formal administration and no representative of the estate is to be appointed, the person(s) entitled under state law summary or small estates procedures may request payment of bonds or may have the bonds transferred to the New Treasury Direct account(s) of the person(s) entitled. We will require appropriate evidence. If payment is requested, we will require ACH instructions.

(d) *Survivors' order of precedence for payment or transfer.* If there has been no administration, no administration is contemplated, no summary or small estate procedures have been used, and the total redemption value of the Treasury securities that are the property of the decedent's estate is \$100,000 or less, then the securities may be paid to the persons named in the following order of precedence:

(1) There is a surviving spouse and no surviving child or descendant of a deceased child: to the surviving spouse.

(2) There is a surviving spouse and a child or children of the decedent, or descendants of deceased children: one-half to the surviving spouse and one-half to the child or children of the decedent, and the descendants of deceased children, by representation, or by agreement of all persons entitled in this class;

(3) There is no surviving spouse and there is a surviving child or descendant of deceased children: to the child or children of the decedent, and the descendants of deceased children, by representation.

(4) There are no surviving spouse, no surviving child, and no surviving descendants of deceased children: to the parents of the decedent, one-half to each, or in full to the survivor.

(5) There are no surviving spouse, no surviving child or surviving descendants of deceased children, and no surviving parents: to the brothers and sisters and descendants of deceased brothers and sisters by representation.

(6) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, and no brothers or sisters or descendants of deceased brothers and

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sisters; to other next of kin, as determined by the laws of the decedent's domicile at the time of death.

(7) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, and no next of kin, as determined by the laws of the decedent's domicile at the time of death: to persons related to the decedent by marriage, *i.e.*, heirs of a spouse of the last decedent where the spouse predeceased that registrant.

(8) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, no next of kin, as determined by the laws of the decedent's domicile at the time of death, and no persons related to the decedent by marriage: to the person who paid the burial and funeral expenses, or a creditor of the decedent's estate, but payment may be made only to the extent that the person has not been reimbursed. Transfers are not permitted.

(9) Escheat according to the applicable state law.

(e) When we make payments or transfers according to paragraph (d) of this section, we will make the payments by the ACH method to either a person individually, or individually and on behalf of all other persons entitled. We will require ACH instructions for payment. A person who receives payment of bond proceeds individually and on behalf of others agrees to make distribution of the proceeds to the other persons entitled by the law of the decedent's domicile. The provisions of this section are for our convenience and do not determine ownership of the bonds or their proceeds. We may rely on information provided by the person who requests payment or transfer, and are not liable for any action taken in reliance on the information furnished.

[67 FR 64286, Oct. 17, 2002, as amended at 69 FR 2508, Jan. 16, 2004; 69 FR 50309, Aug. 16, 2004]

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§§ 363.91–363.94 [Reserved]

GIFTS

§ 363.95 How may I give a book-entry savings bonds as a gift?

You may give a book-entry savings bonds as a gift in two ways:

(a) You may purchase a bond online as a gift; or

(b) You may transfer a bond that you own to another person as a gift with immediate delivery.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.96 What do I need to know if I initially purchase a bond as a gift?

(a) The gift bond will be registered in the name of the recipient(s). The registration is irrevocable with regard to the owner named on the gift bond.

(b) You must provide the SSN of the recipient.

(c) You may deliver the bond upon purchase, or you may hold the bond in your New Treasury Direct account until you are ready to deliver the bond to the owner named on the gift bond.

(d) If the purchaser dies before delivering a gift bond to the recipient, the bond belongs to the owner named on the gift bond, notwithstanding any testamentary attempts to the contrary by the purchaser, or any state law to the contrary. We will hold the bond until we receive instructions from the owner named on the gift bond.

[67 FR 64286, Oct. 17, 2002, as amended at 69 FR 2508, Jan. 16, 2004]

§ 363.97 What do I need to know if I transfer a book-entry savings bonds to another person as a gift?

(a) You must certify online that the transfer is a gift.

(b) You must provide the SSN of the recipient.

(c) Once the transfer is made, the gift is irrevocable.

(d) The bond will be transferred in the single owner form of registration to the recipient.

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§ 363.98 [Reserved]

§ 363.99 What is the minimum amount of a bond that I may transfer or deliver as a gift in any one transaction?

You may transfer or deliver gift bonds in any one-cent increment value equal to or greater than \$25.00 redemption value. For example, you may deliver a gift bond with a redemption value of \$25.00, \$25.01, \$25.02, and so forth. If the bond was held in your account prior to delivery to the recipient for a period of time and has accrued interest, the delivery will include principal and proportionate interest.

§§ 363.100–363.104 [Reserved]

TRANSACTIONS

§ 363.105 Who has the right to conduct transactions in book-entry savings bonds?

(a) *Single owner form of registration.* A single owner can conduct transactions in bonds held in his or her New Treasury Direct account.

(b) *Owner with beneficiary form of registration.* The owner can conduct transactions in bonds held in his or her New Treasury Direct account. The beneficiary has no rights during the lifetime of the owner and therefore cannot conduct transactions in the bonds.

(c) *Primary Owner with secondary owner form of registration.* The primary owner can conduct transactions in bonds held in his or her New Treasury Direct account. The secondary owner can redeem bonds using his or her New Treasury Direct account providing the primary owner has given the secondary owner that right, and has not revoked that right.

(d) *Legal guardian of an incompetent form of registration.* A legal guardian or other court-appointed representative of an incompetent can conduct transactions in bonds belonging to the incompetent consistent with the authority of the legal guardian.

(e) *Legal representative of an estate.* A legal representative of an estate can conduct transactions in bonds belonging to the estate consistent with the authority of the legal representative.

§ 363.106 How are online transactions conducted in savings bonds?

We will provide online forms, including instructions, for transactions.

§ 363.107 Does Public Debt reserve the right to require that any transaction be conducted offline?

We reserve the right to require any transaction to be conducted offline using an approved form. Signatures on offline transactions must be certified or guaranteed as provided in instructions in § 363.43.

§§ 363.108–363.109 [Reserved]

JUDICIAL AND ADMINISTRATIVE PROCEEDINGS

§ 363.110 Will Public Debt recognize a court order that attempts to defeat the survivorship rights of a beneficiary, secondary owner, or recipient of an undelivered gift bond?

We will not recognize a judicial determination that attempts to defeat or impair the rights of survivorship of a beneficiary, secondary owner, or recipient of an undelivered gift bond, after the death of the owner or primary owner.

§ 363.111 Will Public Debt accept notice of an adverse claim or notice of pending judicial proceedings involving book-entry savings bonds?

We are not subject to and will not accept a notice of an adverse claim or notice of pending judicial proceedings involving book-entry savings bonds.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.112 Is Public Debt a proper party in a judicial proceeding involving competing claims to a book-entry savings bonds?

Treasury, Public Debt, and the Federal Reserve Banks are not proper defendants in a judicial proceeding involving competing claims to a book-entry savings bonds.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

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§ 363.113 Will Public Debt pay or transfer book-entry savings bonds pursuant to an order in a divorce proceeding?

We will pay or transfer bonds pursuant to a divorce decree that either disposes of savings bonds or ratifies a property settlement agreement disposing of bonds. The owner (as defined in § 363.6) of the bonds must be a party to the proceedings. If the divorce decree does not set out the terms of the property settlement agreement, we will require a certified copy of the agreement.

§ 363.114 Will Public Debt recognize a court order?

We will recognize a final order entered by a court that affects ownership rights in a book-entry savings bonds only to the extent that the order is consistent with the provisions of this part. The owner (as defined in § 363.6) of the bond must be a party to the proceedings. We will require a certified copy of the court order.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.115 Will Public Debt pay a savings bonds pursuant to a levy?

We will pay a savings bonds pursuant to a valid levy to satisfy a money judgment against the owner (as defined in § 363.6) of the bond. Payment will be made only to the extent necessary to satisfy the money judgment.

§ 363.116 Will Public Debt pay a bond to the Internal Revenue Service (IRS) pursuant to a levy?

We will honor an IRS administrative levy under § 6331 of the Internal Revenue Code with respect to the owner (as defined in § 363.6).

§ 363.117 Will Public Debt pay a bond to a trustee in bankruptcy or similar court officer?

We will pay a savings bonds to a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer, if the original court order is against the owner (as defined in § 363.6).

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§ 363.118 What evidence is required to establish the validity of judicial proceedings?

(a) We require certified copies of the final judgment, decree, or court order, and any necessary supplementary proceedings.

(b) A request for payment by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by evidence of appointment and qualification.

(c) A request for payment by a receiver in equity or a similar court officer (other than a receiver of an insolvent's estate), must be supported by a copy of an order that authorizes the redemption of the bond.

§ 363.119 Will Public Debt pay a bond pursuant to a forfeiture proceeding?

(a) *General.* Bonds will be paid pursuant to a judicial or administrative forfeiture made by a Federal agency. We will rely exclusively upon the information provided by the Federal forfeiting agency and will not make any independent evaluation of the validity of the forfeiture order, the request for payment, or the authority of the individual signing the request for payment. The amount paid is limited to the redemption value of the savings bonds as of the date of forfeiture. All inquiries or claims from the previous owner will be referred to the forfeiting agency.

(b) *Definition of special terms relating to forfeitures.*

Contact point means the individual designated by the Federal investigative agency, United States Attorney's Office, or forfeiting agency, to receive referrals from Public Debt, using Public Debt Form 1522.

Forfeiting agency means the federal law enforcement agency responsible for the forfeiture.

Forfeiture means the process by which property may be forfeited by a federal agency. Administrative forfeiture is forfeiture by a federal agency without judicial proceedings; judicial forfeiture is a forfeiture through either a civil or criminal proceeding in a United States District Court resulting in a final judgment and order of forfeiture.

Public Debt Form 1522 (PD 1522) is the form on which written notification of

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the forfeiture is provided by the forfeiting agency to Public Debt.

(c) *Procedures for a forfeiting agency to request forfeiture of Treasury securities.* A forfeiting agency must request forfeiture on PD 1522. An individual authorized by the forfeiting agency must sign the form. The completed PD 1522 must be mailed to the Department of the Treasury, Bureau of the Public Debt, Parkersburg, WV 26106-1328.

(d) *Public Debt procedures upon receipt of PD 1522.* (1) Upon receipt and review of the Public Debt Form 1522, we will make payment to the forfeiture fund specified on the form. We will record the forfeiture, the forfeiture fund into which the proceeds were paid, the contact point, and any related information.

(2) We will rely exclusively upon the information provided by the Federal agency and will not make any independent evaluation of the validity of the forfeiture order, the request for payment, or the authority of the individual signing the request for payment.

(e) *Amount paid on a forfeiture.* The amount we will pay on a forfeiture is limited to the redemption value of the savings bonds as of the date of forfeiture.

(f) *Inquiries from previous owners of forfeited Treasury securities.*

(1) We will refer all inquiries from the previous owner, including requests for payment, reissue, or applications for relief, to the contact point.

(2) We will tell the person who inquired that we referred his or her inquiry to the contact point.

(3) We will not investigate the inquiry.

(4) We will defer to the forfeiting agency's determination of the appropriate course of action, including settlement where appropriate.

(5) Any settlement will be paid from the forfeiture fund into which the proceeds were deposited.

§§ 363.120–363.124 [Reserved]

PAYMENT

§ 363.125 How is payment made on a book-entry savings bonds?

We will make payment by the ACH method to the designated account at a

United States depository financial institution.

§ 363.126 Under what circumstances will payment be made?

We will make payment:

(a) Upon your request for redemption prior to maturity;

(b) When the bond reaches final maturity; and

(c) If a person who becomes entitled to the bond is unable, unwilling or ineligible to open a New Treasury Direct account.

§§ 363.127–363.129 [Reserved]

Subpart D—Certificate of Indebtedness

SOURCE: 69 FR 50309, Aug. 16, 2004, unless otherwise noted.

§ 363.130 What does this subpart cover?

This subpart is the offering of the certificate of indebtedness by the Secretary of the Treasury (Secretary), and will continue until suspended or terminated by the Secretary. This subpart is also the governing regulations for the certificate of indebtedness.

§ 363.131 What is a New Treasury Direct certificate of indebtedness?

A New Treasury Direct certificate of indebtedness (certificate of indebtedness) is a security held within your primary or linked account, including a minor account for which you are the custodian, that is issued daily, with a one-day maturity, that automatically rolls over at maturity until you request redemption. A certificate of indebtedness has a minimum purchase amount of one cent. The only purpose of a certificate of indebtedness is to accumulate funds for the purchase of another eligible security in the New Treasury Direct system. A certificate of indebtedness within a minor's account is the property of the minor alone.

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§ 363.132 Can the sale of the certificate of indebtedness be suspended?

The Secretary may suspend and rescind the suspension of sales of the certificate of indebtedness by announcement at any time.

§ 363.133 What happens to my certificate of indebtedness if the offering is terminated by the Secretary?

Upon the termination of this offering by the Secretary, the certificate of indebtedness ceases to roll over; the proceeds will be paid by the ACH method to the bank account at a financial institution that you designated in your New Treasury Direct account as your primary bank account.

§ 363.134 What regulations cover a certificate of indebtedness?

The regulations in part 363 apply to a certificate of indebtedness. We expressly disclaim representations or warranties regarding a certificate of indebtedness that in any way conflict with these regulations and other applicable law.

§ 363.135 In what form is a certificate of indebtedness issued?

A certificate of indebtedness is issued in electronic form only in the New Treasury Direct system.

§ 363.136 Do certificates of indebtedness pay interest?

Certificates of indebtedness do not pay any interest. However, the Secretary may prescribe a rate of interest, or change the interest rate, for certificates of indebtedness by announcement at any time. The new rate would apply to certificates of indebtedness issued thereafter, as provided in the announcement. The Secretary's determination of the rate will be final.

§ 363.137 What do I need to know about the registration of a certificate of indebtedness?

A certificate of indebtedness is automatically registered in the single ownership form of registration in the New Treasury Direct account owner's name.

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§ 363.138 How do I purchase a certificate of indebtedness?

You may purchase your certificate of indebtedness through one or more of the following four methods:

(a) payroll deduction, in which your employer sends funds through the ACH method to your New Treasury Direct account;

(b) deposit by your financial institution, in which your financial institution sends funds by the ACH method to your New Treasury Direct account on a recurring or one-time basis;

(c) through the Buy Direct function of your New Treasury Direct account, in which you direct us to debit funds from your account at a financial institution to purchase a certificate of indebtedness. This method is limited to no greater than \$25 per transaction; or

(d) by using the proceeds from the redemption or interest payment of a security to purchase a certificate of indebtedness.

§ 363.139 Is Treasury liable for the purchase of a certificate of indebtedness that is made in error?

We are not liable for any deposits of funds for the purchase of a certificate of indebtedness that are made in error by your financial institution or employer.

§ 363.140 When is a certificate of indebtedness issued?

A certificate of indebtedness is issued the business day after the purchase transaction is made.

§ 363.141 How do I purchase a security using the redemption proceeds of my certificate of indebtedness?

You may purchase an eligible security by redeeming all or a portion of your certificate of indebtedness and applying the proceeds toward the purchase of another eligible security. To do this, your certificate of indebtedness must be of sufficient value to cover the cost of the security. If you are paying for a security using the redemption proceeds of a certificate of indebtedness, you must pay the full amount of the purchase price of the security using the redemption proceeds.

§ 363.142 May I redeem my certificate of indebtedness for cash?

You may redeem part or all of the value of your certificate of indebtedness at any time. The redemption proceeds will be deposited electronically using the ACH method into the account at your financial institution that you designated for the deposit of the proceeds.

§ 363.143 What happens if an ACH payment used to purchase a certificate of indebtedness is later reversed?

If an ACH payment used to purchase a certificate of indebtedness is later reversed, we reserve the right to reverse the purchase of the certificate of indebtedness. If the ACH reversal occurs after the certificate of indebtedness has been redeemed, we reserve the right to reverse previously processed security transactions, including securities that were purchased as gifts and securities that have been transferred or delivered from your account to the account of another New Treasury Direct account owner.

§ 363.144 May I delete a pending transaction involving a certificate of indebtedness?

(a) You may delete a pending purchase of a certificate of indebtedness initiated from your New Treasury Direct account.

(b) You may delete a pending purchase of a security using a certificate of indebtedness as payment.

(c) You may not delete a pending redemption of all or part of the value of a certificate of indebtedness.

§ 363.145 May I transfer or deliver my certificate of indebtedness?

A certificate of indebtedness is non-transferable. You may not deliver a certificate of indebtedness to another New Treasury Direct account as a gift.

§ 363.146 What happens to a certificate of indebtedness upon the death of the New Treasury Direct account owner?

(a) Upon the death of the New Treasury Direct account owner, a certificate of indebtedness is the property of the estate of the account owner. If any purchases of other eligible securities are

made after the death of the owner using the redemption proceeds of a certificate of indebtedness as payment, we will consider the securities to be the property of the estate of the account owner, notwithstanding any registration on the security.

(b) We are not liable for the redemption of a security that was purchased using the redemption proceeds of a certificate of indebtedness as payment. We are not liable for the redemption of a certificate of indebtedness that may occur after the death of the account owner but prior to our receiving notice of the death of the account owner.

(c) If the estate is being administered, we will require appropriate proof of appointment for the legal representative of the estate. Letters of appointment must be dated within one year of submission. The legal representative of the estate must request payment of the certificate of indebtedness to the person(s) entitled. We will require ACH instructions. If the value of the New Treasury Direct account is greater than \$100,000, we will require probate.

(d) If the estate has been previously settled through judicial proceedings, the person(s) entitled must request payment of the certificate of indebtedness. We will require ACH instructions. We will require a certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence.

(e) If there is no formal administration and no representative of the estate is to be appointed, the person(s) entitled under state law summary or small estates procedures may request payment of the certificate of indebtedness. We will require appropriate evidence. We will require ACH instructions.

(f) If there has been no administration, no administration is contemplated, no summary or small estate procedures have been used, and the total redemption value of the Treasury securities that are the property of the decedent's estate is \$100,000 or less, then the certificate of indebtedness may be paid to the persons named in the following order of precedence:

(1) There is a surviving spouse and no surviving child or descendant of a deceased child: to the surviving spouse.

(2) There is a surviving spouse and a child or children of the decedent, or descendants of deceased children: one-half to the surviving spouse and one-half to the child or children of the decedent, and the descendants of deceased children, by representation, or by agreement of all persons entitled in this class;

(3) There is no surviving spouse and there is a surviving child or descendant of deceased children: to the child or children of the decedent, and the descendants of deceased children, by representation.

(4) There are no surviving spouse, no surviving child, and no surviving descendants of deceased children: to the parents of the decedent, one-half to each, or in full to the survivor.

(5) There are no surviving spouse, no surviving child or surviving descendants of deceased children, and no surviving parents: to the brothers and sisters and descendants of deceased brothers and sisters by representation.

(6) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, and no brothers or sisters or descendants of deceased brothers and sisters: to other next of kin, as determined by the laws of the decedent's domicile at the time of death.

(7) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, and no next of kin, as determined by the laws of the decedent's domicile at the time of death: to persons related to the decedent by marriage, *i.e.*, heirs of a spouse of the last decedent where the spouse predeceased that registrant.

(8) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, no next of kin, as determined by the laws of the decedent's domicile at the time of death, and no persons related to the decedent by marriage: to the person who paid the burial and funeral expenses, or a creditor of the decedent's estate, but payment may be made only to the extent that the person has not been reimbursed.

(9) Escheat according to the applicable state law.

(g) When we make payments according to paragraph (f) of this section, we will make the payments by the ACH method to either a person individually, or individually and on behalf of all other persons entitled. We will require ACH instructions for payment. A person who receives payment of certificate of indebtedness proceeds individually and on behalf of others agrees to make distribution of the proceeds to the other persons entitled by the law of the decedent's domicile. The provisions of this section are for our convenience and do not determine ownership of the securities or their proceeds. We may rely on information provided by the person who requests payment, and are not liable for any action taken in reliance on the information furnished.

§ 363.147 Does Public Debt reserve the right to require that any transaction in a certificate of indebtedness be conducted offline?

We reserve the right to require any transaction to be conducted offline using an approved form. Signatures on offline transactions must be certified or guaranteed as provided in instructions in § 363.43.

§ 363.148 What are the rules for judicial and administrative actions involving a certificate of indebtedness?

(a) We are not subject to and will not accept a notice of an adverse claim or notice of pending judicial proceedings involving a certificate of indebtedness.

(b) Treasury, Public Debt, and the Federal Reserve Banks are not proper defendants in a judicial proceeding involving competing claims to a certificate of indebtedness.

(c) We will pay the redemption proceeds of a certificate of indebtedness pursuant to a divorce decree that either disposes of the certificate of indebtedness or ratifies a property settlement agreement disposing of the certificate of indebtedness of either of the parties. If the divorce decree does not set out the terms of the property settlement agreement, we will require a certified copy of the agreement.

(d) We will recognize a final order entered by a court that affects ownership

rights in a certificate of indebtedness only to the extent that the order is consistent with the provisions of this part. The owner of the certificate of indebtedness must be a party to the proceedings. We will require a certified copy of the court order.

(e) We will pay the redemption proceeds of a certificate of indebtedness pursuant to a valid levy to satisfy a money judgment against the owner of the certificate of indebtedness. Payment will be made only to the extent necessary to satisfy the money judgment.

(f) We will honor an IRS administrative levy under section 6331 of the Internal Revenue Code with respect to the owner.

(g) We will pay the redemption proceeds of a certificate of indebtedness to a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer, if the original court order is against the owner. Payment will be made electronically through the ACH method to a U.S. depository financial institution account designated by the receiver or a similar court official.

§ 363.149 What evidence is required to establish the validity of judicial proceedings?

(a) We require certified copies of the final judgment, decree, or court order, and any necessary supplementary proceedings.

(b) A request for payment by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by evidence of appointment and qualification.

(c) A request for payment by a receiver in equity or a similar court officer (other than a receiver of an insolvent's estate) must be supported by a copy of an order that authorizes the redemption of the certificate of indebtedness.

§ 363.150 May a certificate of indebtedness be pledged or used as collateral?

A certificate of indebtedness may not be pledged or used as collateral for the performance of an obligation.

§ 363.151 Can Treasury suspend transactions in my certificate of indebtedness?

We reserve the right to suspend transactions in your certificate of indebtedness if we deem it to be in the best interests of the United States.

§ 363.152 Does Public Debt make any reservations as to issue of certificates of indebtedness?

We may reject any application for the purchase of a certificate of indebtedness, in whole or in part. We may refuse to issue a certificate of indebtedness in any case or class of cases, if we deem the action to be in the public interest. Our action in any such respect is final.

Subpart E—Conversion of a Definitive Savings Bond

SOURCE: 70 FR 14943, Mar. 23, 2005, unless otherwise noted.

§ 363.160 What subparts govern the conversion of definitive savings bonds?

(a) This subpart governs:

(1) The process of converting definitive savings bonds of all eligible series and types of registration to book-entry bonds in New Treasury Direct;

(2) Converted savings bonds of all series registered in the coowner form of registration, unless the non-converting coowner consents to a change in the registration of the bonds after conversion;

(3) Converted savings bonds of Series E registered in the owner with beneficiary form of registration, unless the beneficiary consents to a change in the registration of the bonds after conversion; and

(4) Converted savings bonds of all series that are held in the as a gift bond by the person who converted the bonds.

(b) Subpart C governs:

(1) Converted savings bonds of any series registered in the single owner form of registration;

(2) Converted Series EE and Series I savings bonds registered in the owner with beneficiary form of registration;

(3) Converted Series E savings bonds registered in the owner with beneficiary form of registration, where the

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beneficiary has consented to a change in the registration of the bonds after conversion; and

(4) Converted savings bonds of all series registered in the coowner form of registration, where the non-converting coowner has consented to a change in the registration of the bonds after conversion.

§ 363.161 What definitive savings bonds are eligible to be converted to book-entry bonds?

Series E, Series EE, and Series I savings bonds issued in denominations of \$25 or greater, in single owner, coowner, or owner with beneficiary forms of registration, are eligible for conversion to book-entry bonds in New Treasury Direct.

§ 363.162 Who may convert a definitive savings bond?

The owner of a New Treasury Direct primary account may convert a definitive savings bond.

(a) *Bond that is registered to the account owner.* The owner of a definitive savings bond registered in the single owner form of registration, either coowner of a bond registered in the coowner form of registration, and the owner of a bond registered in the owner with beneficiary form of registration of all eligible series, may convert that definitive bond to a book-entry bond to be held in his or her New Treasury Direct account.

(b) *Bond that is registered to someone other than the account owner.* We will convert an eligible definitive savings bond submitted by someone other than the registered owner of the savings bond. See the special rules in section 363.166.

§ 363.163 How do I convert an eligible definitive savings bond?

We will provide online instructions for converting your definitive savings bond. You must surrender to us the definitive bond to be converted at the time of conversion.

§ 363.164 Is a converted savings bond eligible to be converted back into a definitive bond?

Once a definitive savings bond has been converted to a book-entry bond, it

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may not be converted back into a definitive bond.

§ 363.165 What happens when I convert a savings bond that is registered in my name as the owner, either coowner, or the owner with a beneficiary?

(a) *Unmatured savings bond.* When the conversion is approved, an unmaturing savings bond that is registered in the name of the New Treasury Direct account owner as single owner, either coowner, or owner with beneficiary, will be released to the account owner's conversion linked account.

(b) *Matured savings bond.* A matured savings bond that is registered in the name of the New Treasury Direct account owner as single owner, either coowner, or owner with beneficiary, will be converted to a book-entry bond and automatically redeemed. The redemption proceeds will be used to purchase a certificate of indebtedness in the account owner's name in his or her primary account.

§ 363.166 What happens when I convert a savings bond that is not registered in my name as owner, either coowner, or owner with beneficiary (including a bond registered in the name of a minor)?

We will presume that a savings bond registered in the name of someone other than the New Treasury Direct account owner (including a bond registered in the name of a minor), was purchased by the account owner as a gift for the registered owner.

(a) *Unmatured savings bond.* (1) *General.* An unmaturing savings bond registered in the name of someone other than the account owner will be converted to a book-entry bond, released as a gift bond to the account owner's conversion linked account, and held until delivered to the New Treasury Direct account (or minor linked account, if the registered owner is a minor) of the registered owner.

(2) *Delivery of unmaturing gift bond to registered owner.* The New Treasury Direct account owner may deliver the converted gift bond to the New Treasury Direct account (or minor linked account, if the registered owner is a minor) of the registered owner, or, if the bond is registered in the coowner

form of registration, to the account of either coowner. A bond registered in coowner or owner with beneficiary form of registration will retain the coowner or beneficiary form of registration upon delivery.

(b) *Matured savings bond.* (1) *General.* A matured savings bond registered in the name of someone other than the account owner will be converted to a book-entry bond, released as a gift bond into the account owner's conversion linked account, and automatically redeemed. We will hold the redemption proceeds in the name of the registered owner of the definitive bond until the proceeds are delivered to the New Treasury Direct account (or minor linked account, if the registered owner is a minor) of the registered owner.

(2) *Delivery of matured, redeemed bond proceeds to registered owner.* If the gift bond has matured and has been automatically redeemed, then the New Treasury Direct account owner may direct that the held redemption proceeds be delivered to the New Treasury Direct account of the registered owner (or minor linked account, if the registered owner is a minor), where we will use the proceeds to purchase a certificate of indebtedness in the name of the registered owner. If the bond is registered in the coowner form of registration, the account owner may direct that the held redemption proceeds be delivered to the account of either coowner, where we will use the proceeds to purchase a certificate of indebtedness in the name of the coowner to whose account the bond was delivered.

§ 363.167 How will a converted savings bond be registered?

The registration of the converted bond will be the same as on the definitive bond, provided that it was registered properly in an authorized form of registration. We will change a definitive savings bond that was not registered in an authorized form of registration to the closest authorized form of registration. For example, a definitive savings bond erroneously registered "John Doe and Jane Doe" will be changed to "John Doe or Jane Doe." We are not liable to any person for any such decision as to the closest form of authorized registration.

§ 363.168 What rules regarding registration apply to a converted savings bond?

(a) *Savings bond of any series registered in the single owner form of registration.* By converting a definitive bond of any eligible series registered in the single owner form of registration to book-entry in New Treasury Direct, the owner has consented to the bond being governed by the rules regarding registration contained in subpart C of this part.

(b) *Savings bond of Series EE or Series I registered in the owner with beneficiary form of registration.* By converting a definitive bond of Series EE or Series I registered in an owner with beneficiary form of registration to a book-entry bond in New Treasury Direct, the owner has consented to the bond being governed by the rules regarding registration contained in subpart C of this part.

(c) *Savings bond of Series E registered in the owner with beneficiary form of registration.* The registration of a converted savings bond of Series E registered in the owner with beneficiary form of registration may be changed upon the request of the owner and the consent of the beneficiary. The transaction will not be conducted through the registered owner's New Treasury Direct account.

(d) *Savings bond of any series registered in the coowner form of registration.* The registration of a converted savings bond of any eligible series registered in the coowner form of registration may be changed upon the request of one coowner and the consent of the other coowner. The transaction will not be conducted through the registered owner's New Treasury Direct account.

§ 363.169 What transactions can I conduct in a converted savings bond on which I am registered as the single owner, either coowner, or the owner with a beneficiary?

(a) *Savings bond of any series registered in the single owner form of registration.* By converting a definitive savings bond to a book-entry bond, you have consented to the bond being treated as if it were originally issued as a book-entry bond in New Treasury Direct. The bond

will be subject to the provisions of subpart C of this part. Any transaction available for a book-entry bond originally issued in the New Treasury Direct system is available for a converted bond registered in single owner form of registration.

(b) *Savings bond of Series EE and Series I registered in the owner with beneficiary form of registration.* By converting a definitive savings bond to a book-entry bond, you have consented to the bond being treated as if it were originally issued as a book-entry bond in New Treasury Direct. The bond will be subject to the provisions of subpart C of this part. Any transaction available for a book-entry bond purchased in the New Treasury Direct system is available for a converted bond of Series EE and Series I registered in the owner with beneficiary form of registration.

(c) *Savings bond of Series E registered in the owner with beneficiary form of registration.* The owner of a converted Series E bond registered in the owner with beneficiary form of registration may make the following transactions:

(1) *Provide view rights to the beneficiary.* The owner may provide the beneficiary with the right to view the bond in the beneficiary's New Treasury Direct account. Once the right to view the bond is provided to the beneficiary, the owner may not revoke that right.

(2) *Transfer without change in registration.* The owner may transfer the bond without a change of registration to another account in the name of the owner.

(3) *Remove the beneficiary from the registration.* The owner may remove the beneficiary's name from the registration with the consent of the beneficiary. The transaction will not be conducted through the registered owner's New Treasury Direct account. The bond will be changed to the single owner form of registration. Once the transaction is completed, the bond will be treated as a bond originally issued as a book-entry bond in New Treasury Direct, and will be subject to subpart C of this part. The owner may then perform any transaction available for book-entry bonds purchased in the New Treasury Direct system.

(4) *Transfer to the beneficiary or a third party with a change in registration.* The

owner may remove his or her name from the registration and transfer the bond to the account of the beneficiary or a third party, with the consent of the beneficiary. The transaction will not be conducted through the registered owner's New Treasury Direct account. The bond will be transferred in the single owner form of registration. Once the transfer is completed, the bond will be treated as a bond originally issued as a book-entry bond in New Treasury Direct, and will be subject to subpart C of this part. The owner may then perform any transaction available for book-entry bonds purchased in the New Treasury Direct system.

(d) *Savings bond of any series registered in the coowner form of registration.* The converting coowner of a converted bond registered in the coowner form of registration may make the following transactions:

(1) *Provide view or transact rights to non-converting coowner.* The converting coowner may provide the non-converting coowner with the rights to view the bond or to view and redeem the bond through the non-converting coowner's New Treasury Direct account. Once either of these rights is provided to the non-converting coowner, the converting coowner may not revoke the right.

(2) *Transfer without change in registration.* The converting coowner may transfer the bond without a change in registration to another account in the name of the converting coowner. The bond may be transferred without the consent of the non-converting coowner, and will retain the coowner registration.

(3) *Remove a coowner from the registration.* The converting coowner (or the non-converting coowner, if the bond has been previously transferred to the account of the non-converting coowner) may remove the other coowner from the registration. The consent of the other coowner is required. The bond must reside in the account of the coowner who is requesting the transaction. The transaction will not be conducted through the registered owner's New Treasury Direct account. The bond's registration will be changed to the single owner form of registration.

Once this transaction is completed, the bond will be treated as a bond originally issued as a book-entry bond in New Treasury Direct, and will be subject to subpart C of this part. The owner may then perform any transaction available for book-entry bonds purchased in the New Treasury Direct system.

(4) *Transfer to non-converting coowner or a third party with a change in registration.* The converting coowner may remove his or her name from the registration and transfer the bond to either the account of the non-converting coowner or to the account of a third party. The consent of the non-converting coowner is required. The transaction will not be conducted through the registered owner's New Treasury Direct account. The bond will be transferred in the single owner form of registration. Once the transfer is completed, the bond will be treated as a bond originally issued as a book-entry bond in New Treasury Direct, and will be subject to subpart C of this part. The owner may then perform any transaction available for book-entry bonds purchased in the New Treasury Direct system.

§ 363.170 What transactions can I conduct in a savings bond that I converted on which I am not registered as the owner, either coowner, or owner with beneficiary?

The only transaction that you may conduct on a savings bond that you converted on which you are not registered as the owner, either coowner, or owner with beneficiary is to deliver the converted bond to the New Treasury Direct account of the registered owner.

§ 363.171 How do I redeem a converted savings bond?

(a) *Before final maturity.* (1) *Savings bond of any series registered either in the single owner or owner with beneficiary form of registration.* You may redeem your converted savings bond any time prior to final maturity after the minimum holding period through your New Treasury Direct account.

(2) *Savings bond of any series registered in the coowner form of registration.* The converting coowner may redeem the converted savings bond at any time prior to final maturity after the minimum

holding period through his or her New Treasury Direct account. The non-converting coowner may redeem the converted savings bond at any time prior to final maturity after the minimum holding period provided that he or she has been granted transaction rights in the converted bond by the converting coowner.

(b) *Upon final maturity.* (1) *Savings bond of any series registered in the single owner, owner with beneficiary, or coowner forms of registration.* If you have not previously redeemed or transferred your converted savings bond, it will be automatically redeemed for you at final maturity.

(2) The redemption proceeds will be automatically used to purchase a certificate of indebtedness registered in your name and held in your New Treasury Direct account.

§ 363.172 What happens when a New Treasury Direct account owner dies and his or her estate is entitled to a converted savings bond held in the account?

(a) *Estate is being administered.* (1) We will require appropriate proof of appointment for the legal representative of the estate. Letters of appointment must be dated within six months of submission, unless the appointment was made within one year before submission.

(2) The legal representative of the estate may request the payment of a converted savings bond, if the converted savings bond is eligible for redemption, to the estate or to the person(s) entitled, or may request transfer of the converted savings bond to the New Treasury Direct account(s) of the person(s) entitled, if the converted savings bond is eligible for transfer.

(3) The legal representative of the estate may not purchase a bond on behalf of the estate.

(4) If payment is requested, we will require ACH instructions.

(b) *Estate has been settled previously.* If the estate has been previously settled through judicial proceedings, the person(s) entitled may request payment of a converted savings bond, if the converted savings bond is eligible for redemption, or may distribute the converted savings bond by transferring it to the New Treasury Direct account of

the person(s) entitled, if the converted savings bond is eligible for transfer. If payment is requested, we will require ACH instructions. We will require a certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence.

(c) *Summary administration procedures.* If there is no formal administration and no representative of the estate is to be appointed, the person(s) entitled under state law summary or small estates procedures may request payment of a converted savings bond, if the converted savings bond is eligible for redemption, or may distribute the converted savings bond by transferring it to the New Treasury Direct account(s) of the person(s) entitled, if the converted savings bond is eligible for transfer. We will require appropriate evidence. If payment is requested, we will require ACH instructions.

(d) *Survivors' order of precedence for payment or transfer.* If there has been no administration, no administration is contemplated, no summary or small estate procedures have been used, and the total redemption value of the Treasury securities that are the property of the decedent's estate is \$100,000 or less, then the converted savings bond or redemption proceeds may be distributed to the persons named in the following order of precedence:

(1) There is a surviving spouse and no surviving child or descendants of a deceased child: to the surviving spouse.

(2) There is a surviving spouse and a child or children of the decedent, or descendants of deceased children: one-half to the surviving spouse and one-half to the child or children of the decedent, and the descendants of deceased children, by representation, or by agreement of all persons entitled in this class.

(3) There is no surviving spouse and there is a surviving child or descendants of deceased children: to the child or children of the decedent, and the descendants of deceased children, by representation.

(4) There are no surviving spouse, no surviving child, and no surviving descendants of deceased children: to the parents of the decedent, one-half to each, or in full to the survivor.

(5) There are no surviving spouse, no surviving child or surviving descendants of deceased children, and no surviving parents: to the brothers and sisters and descendants of deceased brothers and sisters by representation.

(6) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, and no brothers or sisters or descendants of deceased brothers and sisters: to other next of kin, as determined by the laws of the decedent's domicile at the time of death.

(7) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, and no next of kin, as determined by the laws of the decedent's domicile at the time of death: to persons related to the decedent by marriage, *i.e.*, heirs of a spouse of the last decedent where the spouse predeceased that registrant.

(8) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, no next of kin, as determined by the laws of the decedent's domicile at the time of death, and no persons related to the decedent by marriage: to the person who paid the burial and funeral expenses, or a creditor of the decedent's estate, but payment may be made only to the extent that the person has not been reimbursed. Transfers are not permitted.

(9) Escheat according to the applicable state law.

(e) When we make payments according to paragraph (d) of this section, we will make the payments by the ACH method to either a person individually, or individually and on behalf of all other persons entitled. We will require ACH instructions for payment. A person who receives a converted savings bond or payment of security proceeds individually and on behalf of others agrees to make distribution or payment to the other persons entitled by the law of the decedent's domicile. The provisions of this section are for our convenience and do not determine ownership of a converted savings bond or

its proceeds. We may rely on information provided by the person who requests payment or transfer, and are not liable for any action taken in reliance on the information furnished.

§ 363.173 What are the rules for judicial and administrative actions involving a converted savings bond held in New Treasury Direct?

(a) *Notice of adverse claim or pending judicial proceedings.* We are not subject to and will not accept a notice of an adverse claim or notice of pending judicial proceedings involving a converted savings bond held in New Treasury Direct.

(b) *Competing claims to a converted savings bond.* Treasury, Public Debt, and the Federal Reserve Banks are not proper defendants in a judicial proceeding involving competing claims to a converted savings bond held in New Treasury Direct.

(c) *Divorce decree.* We will recognize a divorce decree that either disposes of a converted savings bond held in New Treasury Direct or ratifies a property settlement agreement disposing of the converted savings bond of either of the parties. If the divorce decree does not set out the terms of the property settlement agreement, we will require a certified copy of the agreement.

(d) *Final court order.* We will recognize a final order entered by a court that affects ownership rights in a converted savings bond held in New Treasury Direct only to the extent that the order is consistent with the provisions of this part. The owner of the converted savings bond must be a party to the proceedings.

(e) *Levy to satisfy money judgment.* We will honor a payment request submitted by a person appointed by a court and having authority under an order of a court to dispose of a converted savings bond held in New Treasury Direct pursuant to a money judgment against the owner of the converted savings bond, as owner is defined in section 363.6 of this part. We will only make payment to the extent of the money judgment; we will not transfer the bond.

(f) *IRS administrative levy.* We will honor an IRS administrative levy under section 6331 of the Internal Rev-

enue Code with respect to the owner, as owner is defined in section 363.6 of this part.

(g) *Trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer.* We will honor a payment request submitted by a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer, if the original court order is against the owner, as owner is defined in section 363.6 of this part; we will not transfer the bond.

(h) *Court order that attempts to defeat or impair survivorship rights.* We will not recognize a judicial determination that attempts to defeat or impair the survivorship rights of a beneficiary, secondary owner, coowner, or the registered owner(s) of an undelivered gift that is a converted savings bond held in New Treasury Direct.

§ 363.174 What evidence is required to establish the validity of judicial proceedings involving a converted savings bond?

(a) We will require certified copies of the final judgment, decree, or court order, and any necessary supplementary proceedings.

(b) A payment request by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by evidence of appointment and qualification.

(c) A payment request by a receiver in equity or a similar court officer (other than a receiver of an insolvent's estate) must be supported by a copy of an order that authorizes the receiver or similar court officer to dispose of the converted savings bond.

§ 363.175 Will Public Debt pay a converted savings bond pursuant to a forfeiture proceeding?

(a) *General.* We will honor a judicial or administrative forfeiture order submitted by a federal agency. We will rely exclusively upon the information provided by the forfeiting agency and will not make any independent evaluation of the validity of the forfeiture order, the request for payment, or the authority of the individual signing the payment request. The amount to be paid is limited to the redemption value of the converted savings bond as of the date of forfeiture.

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(b) *Definition of special terms relating to forfeitures.*

Contact point means the individual designated by the Federal investigative agency, United States Attorney's Office, or forfeiting agency, to receive referrals from Public Debt.

Forfeiting agency means the Federal law enforcement agency responsible for the forfeiture.

Forfeiture means the process by which property may be forfeited by a Federal agency. Administrative forfeiture is forfeiture by a Federal agency without judicial proceedings; judicial forfeiture is a forfeiture through either a civil or criminal proceeding in a United States District Court resulting in a final judgment and order of forfeiture.

(c) *Procedures for a forfeiting agency to request forfeiture of Treasury securities.* A forfeiting agency must request forfeiture. An individual authorized by the forfeiting agency must sign the transaction request. The request must be mailed to the Department of the Treasury, Bureau of the Public Debt, Parkersburg, WV 26106-1328.

(d) *Public Debt procedures upon receipt of forfeiture request.* Upon receipt and review of the transaction request, we will make payment to the forfeiture fund specified. We will record the forfeiture, the forfeiture fund into which the proceeds were paid, the contact point, and any related information.

(e) *Inquiries from previous owner.* All inquiries or claims from the previous owner will be referred to the contact point of the forfeiting agency. We will tell the person who inquired that we referred his or her inquiry to the contact point. We will not investigate the inquiry. We will defer to the forfeiting agency's determination of the appropriate course of action, including settlement where appropriate. Any settlement will be paid from the forfeiture fund into which the proceeds were deposited.

§ 363.176 May a converted savings bond be pledged or used as collateral?

A converted savings bond may not be pledged or used as collateral for the performance of an obligation.

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§ 363.177 Does Public Debt reserve the right to require that any transaction in a converted savings bond be conducted in paper form?

We reserve the right to require any transaction to be conducted in paper form. Signatures on paper transactions must be certified or guaranteed as provided in § 363.43.

§ 363.178 Does Treasury reserve the right to suspend transactions in a converted savings bond?

We reserve the right to suspend transactions in a converted savings bond held in New Treasury Direct if we deem it to be in the best interests of the United States.

§ 363.179 Does Public Debt make any reservations as to the conversion of an eligible savings bond?

We may reject any application for conversion or refuse to convert a savings bond in any case or class of cases, if we deem the action to be in the public interest. Our action in any such respect is final.

§§ 363.180-363.199 [Reserved]

Subpart F Miscellaneous

§ 363.200 May Public Debt waive these regulations?

We may waive or modify any provision of the regulations in this part. We may do so in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship:

(a) If the waiver would not be inconsistent with law or equity;

(b) If the waiver does not impair any material existing rights; and

(c) If we are satisfied that the waiver would not subject the United States to any substantial expense or liability.

[67 FR 64286, Oct. 17, 2002. Redesignated at 70 FR 14943, Mar. 23, 2005]

§ 363.201 Can I be required to provide additional evidence to support a transaction?

We may require additional evidence and/or a bond of indemnity, with or without surety, in any case where we

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determine it necessary to protect the interests of the United States.

[67 FR 64286, Oct. 17, 2002. Redesignated at 70 FR 14943, Mar. 23, 2005]

§ 363.202 May Public Debt amend or supplement these regulations?

We may amend, revise, or supplement these regulations at any time.

[67 FR 64286, Oct. 17, 2002. Redesignated at 70 FR 14943, Mar. 23, 2005]